

DAILY REPORT

China

Vol I No 139

19 July 1985

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PRC DELEGATION LEAVES FOR WORLD LAW CONFERENCE

OW190815 Beijing XINHUA in English 0711 GMT 19 Jul 85

[Text] Beijing, July 19 (XINHUA) -- A Chinese legal delegation led by Ren Jianxin, vice-president of the Supreme People's Court, left here today for West Berlin to attend the 12th conference on the law of the world.

Li Haopei, a leading jurist and advisor to the Foreign Ministry, is advising the delegation.

Before leaving, Ren Jianxin said the delegation hoped to establish wide contacts with organizations and legal experts from all over the world through attending the conference.

They wanted to exchange information and opinions, and make contributions to international efforts to safeguard world peace.

The conference, which will begin on July 22, is being organized by the "World Peace Through Law Center".

More than 5,000 government officials, judges, lawyers and legal experts from 140 countries and regions are expected to attend.

The conference is held every two years. A Chinese delegation attended the ninth one in 1979.

NINGXIA TO HOST ISLAMIC ECONOMIC SYMPOSIUM

OW181929 Beijing XINHUA in English 1509 GMT 18 Jul 85

[Text] Yinchuan, July 17 (XINHUA) -- A symposium on international Islamic economic and technical cooperation will be held here in this capital of Ningxia from September 15 to 25, according to Ma Jixin, secretary-general of the regional government here today.

The Ningxia Hui Autonomous Region in northwest China is one of the regions mainly inhabited by Moslems.

The symposium will cover import of foreign capital and technology to develop the region's natural resources; labor service overseas in Islamic countries; joint ventures overseas with Islamic countries; import and export business; and cultural exchanges, Ma said.

Haji Hossain Hei Boli, chairman of the regional government, said that all interested friends from Islamic and other countries and regions are welcome to participate.

The aim of the symposium is to promote Ningxia's cooperation and friendship with the Islamic world and help develop the local economy, Ma said.

At the head of a delegation to pave the way for the symposium, Boli visited Pakistan, Egypt, the Arab Yemen Republic, Kuwait, Saudi Arabia and the United Arab Emirates last April and May.

Ningxia held its first such symposium last September with the participation of 150 businessmen from 14 countries and regions.

A total of 20 contracts for economic and technical cooperation, and 18 agreements or letters of intent were signed, with a total transaction of 20 million U.S. dollars.

WEINBERGER NOTES IMPORTANCE OF SINO-U.S. TIES

OW190704 Beijing XINHUA in English 0641 GMT 19 Jul 85

["Weinberger on U.S. Pacific Policy" -- XINHUA headline]

[Text] Washington, July 18 (XINHUA) -- U.S. Secretary of Defense Caspar Weinberger said here today that "a secure and successfully modernizing China can be a real force for peace and stability for Asia and the world." Reviewing the U.S. policy toward East Asia in an address before the Asia Society, Weinberger termed building an enduring relationship between the United States and the People's Republic of China as one of the "six main pillars" to the U.S. Asian policy. The United States is "willing to contribute in a responsible way to China's modernization," including the modernization of certain of its defense military capabilities, he said. He said mutual visits by leaders and government officials of the two countries, including the forthcoming visit by Chinese President Li Xiannian, are "enormously important" in the development and preservation of sound relations between the two countries.

According to Weinberger, the other five "main pillars" to the U.S. Asian policy are: U.S. determination to remain a Pacific power; the key importance of U.S. relationship with Japan; the commitment to the stability of the Korean peninsula; support for the political and economic vitality and self-defense efforts to ASEAN (Association of South East Asian Nations); and the long standing partnership with Australia and New Zealand. "These remain the foundation of our policy in that region," he added.

While stressing that the United States' "whole future lies in the Pacific," Weinberger said, "the importance of the Pacific has not been sufficiently emphasized and needs to be in the future." During the past four years, he said, the United States has "regained a great deal of military strength" in the Pacific region, to the point which is "commensurate with a rapidly growing naval and air strength of the Soviet Union in the Pacific." "The Soviets add in the Pacific to their air fleets and their naval fleet greater strengths than to any of their forces in any other parts of the world," he noted.

Speaking of U.S.-Japan relations, Weinberger said that pillar is now "stronger than ever before," with Japan's commitment to effective self-defense and "its decision to base its security on shared defense responsibilities with the United States." As for the ASEAN nations, Weinberger said U.S. "support for ASEAN policies toward Vietnamese colonialist aggression in Cambodia has been unflagging and will continue." "As ASEAN's frontline state and as an important American ally, Thailand in particular deserves and receives our assistance in improving its ability to defend its borders," he added. He criticized New Zealand for behaving not like "a close ally" by refusing in February to allow an American warship to make a port call on the ground that the vessel might be carrying nuclear weapons.

REAGAN, SHULTZ EXPECTED TO MEET WITH SHEVARDNADZE

OW181907 Beijing XINHUA in English 1858 GMT 18 Jul 85

[Text] Washington, July 18 (XINHUA) -- The Soviet Union has accepted an invitation from the United States for its new foreign minister, Eduard Shevardnadze, to meet with President Ronald Reagan and Secretary of State George Shultz in September, THE WASHINGTON POST reported today. Officials of the administration reportedly said that Shultz is expected to meet Shevardnadze at the opening session of the U.N. General Assembly, but a meeting between Shevardnadze and President Reagan may be held at the White House.

It is expected such a meeting will provide an opportunity for both sides to make substantial preparations for the scheduled November summit between Reagan and Mikhail Gorbachev in Geneva. The meeting would come at a time when a third round of U.S.-Soviet nuclear arms talks are under way in Geneva.

Although the acceptance of the invitation by the Soviets has not been formally announced by the White House, it is seen here as a Soviet gesture in response to Reagan's earlier invitation for Gorbachev to meet him in Washington. The disclosure came a day after U.S. and Soviet negotiators adjourned their second round of nuclear arms talks in Geneva without signs of progress. Both sides blamed each other for the stalemate in the talks.

RENMIN RIBAO NOTES RESIGNATION OF OMB'S STOCKMAN

HK180815 Beijing RENMIN RIBAO in Chinese 13 Jul 85 p 7

["Economic Jottings" by Zhang Zhenya: "A Signal"]

[Text] After serving in the White House for more than 4 years, Stockman, director of the Office of Management and Budget, suddenly handed in his resignation to the President on 9 July, requesting approval to leave office on 1 August. His resignation was approved immediately by Reagan. Washington was shocked by this news.

Over the past few years, the huge federal budget deficits have brought a chain of maladies and even disasters to the United States and have always been the target of attacks from all quarters at home and abroad. However, the 1985 fiscal year ending on 1 October this year will mark a deficit of some \$200 billion, which is higher than last year's figure. The two houses of Congress have decided to reduce the deficit in the 1986 fiscal year by \$56 billion and to take follow-up steps to cut down on the deficits in other years. However, the House of Representatives resolutely opposes the freezing of the federal expenditures on social welfare, and seeks to restore almost all the construction and social projects that the Reagan administration plans to call off or reduce. As a result, the civil expenditures can only be reduced by less than \$10 billion. On the other hand, the Republican-controlled Senate opposes any reduction in military spending and upholds a budget plan that is deliberately optimistic about the government's future revenues and the country's economic development, but this renders the figures rather unrealistic. The actual effect of all this is to prevent any substantial reduction in the federal budget.

On 5 June when speaking to the Board of Governors of the New York Stock Exchange, Stockman emphasized that only tax increases can solve the deficit problem. THE NEW YORK TIMES later published this speech, which was not prepared for publication. President Reagan then pointed out that Stockman's viewpoint did not represent the administration's position and reiterated his principle of "no tax increase." This event thoroughly exposed the serious difference of opinion between Stockman and the President.

Under pressure from all quarters, Stockman felt it hard to continue to perform his function as a director of the White House's Office of Management and Budget, and his resignation became unavoidable. What's more, the U.S. economic growth seems to be slowing down at present, so it does not seem quite possible that the federal government will increase revenues substantially; that is, the huge federal deficit will continue to exist, and the federal government will have to incur more debts at home and abroad. Thus, interest rates will remain at a high level. Although the exchange rate of the U.S. dollar has recently fallen a bit, it is still at a level much higher than that of a few years ago, so the U.S. foreign trade deficit and the inflow of foreign funds will continue. The slowdown of economic growth, the worsening of unemployment, and the inflow of foreign funds will all inevitably intensify the rising protectionist trend in the United States, and this will in turn intensify the international trade war. How will this tendency in the U.S. economy develop? Maybe, the resignation of Stockman has raised a signal.

POLITBURO APPROVES REPORT ON VISIT BY YAO YILIN

OW190224 Beijing XINHUA in English 0213 GMT 19 Jul 85

[Text] Moscow, July 18 (XINHUA) -- The Politburo of the Soviet Communist Party today approved a report presented by Premier Nikolay Tikhonov on the results of the meeting and talks with Chinese Vice-Premier Yao Yilin, the Soviet news agency TASS reported. TASS said that at its regular meeting today, the Politburo pointed out the agreements signed during the talks on cooperation between the two countries in the fields of trade, economy and technology are of "great significance."

The Politburo reaffirmed the need for both sides to make further efforts on a mutually acceptable and equal basis for completely overcoming the negative period in Soviet-Chinese relations and restoring good neighborly cooperation. Yao Yilin visited the Soviet Union from July 9 to 16. He held talks with First Vice-Premier Ivan Arkhipov and met with Tikhonov.

SOVIET EXPORT INSPECTION DELEGATION ENDS TOUR

OW190710 Beijing XINHUA in English 0650 GMT 19 Jul 85

[Text] Beijing, July 19 (XINHUA) -- A Soviet delegation from the State Inspection for Quality of Export Goods left here for home by air this morning. The delegation arrived here on July 11 as a guest of the State Administration of Import and Export Commodity Inspection of China.

During their stay in Beijing the Soviet delegation held talks with the host administration on matters related to business of import and export commodity inspection between the two countries, and signed a summary of talks on July 18. The document was signed by Wang Jiuan, director-general of the State Administration of Import and Export Commodity Inspection of China, and Rostislav M. Tikhonov, chief of the State Inspection for Quality of Export Goods under the Ministry of Foreign Trade. Chen Jie, deputy to the minister of foreign economic relations and trade, met with the delegation. The delegation also visited Hangzhou and Shanghai.

PRC SIGNS CONTRACT FOR PURCHASE OF 17 AIRCRAFT

OW181851 Beijing XINHUA in English 1838 GMT 18 Jul 85

[Text] Beijing, July 18 (XINHUA) -- A contract for purchasing airplanes from the Soviet Union was signed here this evening. China will purchase 17 TU-154Ms during the 1985-1986 period. The first will arrive at the capital airport tomorrow. The contract was signed by Guo Yungjiang, general manager of the China National Machinery Import and Export Corporation (CMC), and Vasilii S. Studenikin, general-director of V/O Aviaekspost of the Soviet Union. Attending the signing ceremony were deputy to the Minister of Foreign Economic Relations and Trade Chen Jie and other officials.

PROPAGANDA DEPARTMENT DIRECTOR CHANGE ANNOUNCED

OW181857 Beijing XINHUA in English 1847 GMT 18 Jul 85

[Text] Moscow, July 18 (XINHUA) -- Boris Stukalin, director of the Department of Propaganda of the Soviet Communist Party Central Committee, has been removed from his post, a reliable source said today. The source confirmed that Stukalin was replaced by Aleksandr Yakovlev, director of the Institute of World Economy and International Relations of the Soviet Academy of Sciences. Stukalin, 62, had held the propaganda post since December 1982. Yakovlev, also 62, had served as a member of the editorial commission of the party magazine COMMUNIST and Soviet ambassador to Canada.

GU MU ATTENDS OPENING OF COAL TERMINAL PROJECT

OW181840 Beijing XINHUA in English 1829 GMT 18 Jul 85

[Text] Qinhuangdao, July 18 (XINHUA) -- The second phase of a coal terminal project at Qinhuangdao harbor, in north China's Hebei Province, was put into official operation following a ceremony here today.

Present at the ceremony were State Councillor Gu Mu, Minister of Communications Qian Yongchang, and Kagechika Matano, minister at the Japanese Embassy in Beijing, as well as other Chinese and Japanese Government officials.

The second phase of the project, built with a loan from the Japanese Government, includes two deep-water berths for vessels of up to 50,000 tons with a combined annual handling capacity of 20 million tons of coal.

The work on the second phase of the project began in April, 1980. It was put into trial operation last March.

The construction of two berths, one for 50,000-ton ships and the other for 20,000-ton vessels, which make up the first phase of the Qinhuangdao coal terminal, began in March 1978 and was completed in December 1983. The berths can handle 10 million tons of coal a year.

QIAN LIREN MEETS JAPANESE RESEARCH CENTER GROUP

OW181124 Beijing XINHUA in English 1117 GMT 18 Jul 85

[Text] Beijing, July 18 (XINHUA) -- Qian Liren, head of the International Liaison Department of the Chinese Communist Party Central Committee, met a delegation from Socialist Theory and Policy Research Center of Japan here today.

The delegation headed by Professor Masanori Shimizu arrived here on July 16 at the invitation of the Association for International Understanding of China.

WANG ZHEN HONORED AT SINO-JAPANESE AMITY FETE

OW181902 Beijing XINHUA in English 1849 GMT 18 Jul 85

[Text] Sapporo, Japan, July 18 (XINHUA) -- Honorary President of the Sino-Japanese Friendship Association Wang Zhen was the guest of honor here this evening at a reception given by an executive welcoming commission.

Addressing the reception, Mai Michio, chairman of the commission and chairman of the Federation of Hokkaido Chamber of Commerce and Industry, said that China's open policy has achieved remarkable results. He also said Sino-Hokkaido friendship and exchanges are growing day by day.

Wang Zhen, after reviewing his visit to Hokkaido 28 years ago, said in reply that Sino-Hokkaido contacts and cooperation are developing. He said he expects good results from them. Wang Zhen and his party arrived here today from Nagasaki City.

LIGHT INDUSTRY MINISTER YANG BO LEAVES FOR DPRK

OW171750 Beijing XINHUA in English 1737 GMT 17 Jul 85

[Text] Beijing, July 17 (XINHUA) -- Minister of Light Industry Yang Bo left here for the People's Democratic Republic of Korea today at the head of a Chinese light industry delegation. They are to pay a friendship visit at the invitation of the Korean Government.

CGDK'S KHIEU SAMPHAN LA DS SUPPORT FROM PRC

OW181943 Beijing XINHUA in English 1932 GMT 18 Jul 85

[Text] Bangkok, July 18 (XINHUA) -- Khieu Samphan, vice-president of Democratic Kampuchea in charge of foreign affairs, received outgoing Chinese Ambassador to Democratic Kampuchea Shen Ping in a jungle camp inside Kampuchea today, according to a report reaching here.

[Beijing Domestic Service in Chinese at 0817 GMT on 19 July carries a similar item that includes the following at this point: "Khieu Samphan said that the Chinese Government and people always give their all-out support for the Cambodian people's just struggle against Vietnamese aggressors, and that the Cambodian and Chinese people enjoy profound and fraternal friendship."]

On behalf of the Coalition Government and the Kampuchean people, Khieu Samphan expressed deep thanks to the Chinese Government and people for their selfless assistance.

He told the Chinese ambassador that the Kampuchean people's resistance struggle had in the past few years developed rapidly in the military and diplomatic fronts.

Shen Ping said that although the Vietnamese had seized some resistance bases along the Kampuchean-Thai border in the last dry-season offensive, they failed to obtain anything substantial.

The resistance forces have penetrated deeper inside Kampuchea to carry out guerrilla warfare, thus putting the Vietnamese aggressors into a more difficult position and making them more isolated, he said.

He expressed confidence that the Vietnamese occupation troops would be forced out of Kampuchea sooner or later, and the Kampuchean people were bound to win.

After the conversation, Khieu Samphan hosted a luncheon in honor of the Chinese ambassador.

PRC TO HELP SUPPLY ASEAN PAPER MILLS PROJECT

OW171942 Beijing XINHUA in English 1857 GMT 17 Jul 85

[Text] Manila, July 17 (XINHUA) -- The Association of Southeast Asian Nations (ASEAN) has set to implement this year one of its proposed industrial projects, the security paper mills project.

The project called the ASEAN Security Paper Mills Sdn. Bhd. was presented today by the Malaysian participants at the 29th meeting of the ASEAN Committee on Industry, Minerals and Energy (COIME) on-going in Manila until July 19.

This will be the first ASEAN project to be implemented since all other proposed joint-ventures in the region have not yet been materialized.

Costing 50.22 million U.S. dollars, the paper plant will be located on a 20.2-hectare site at Sipitang, Sabah in east Malaysia.

Malaysia, the host country, will control 60 percent of the project. Five other members of ASEAN, Brunei, Indonesia, the Philippines, Singapore and Thailand will together share the remaining 40 percent.

The plant, being finalized, is designed to have a maximum production capacity of 16,750 tons of security papers a year. These will be water-marked and non-water-marked high quality security papers used for bank notes, checks, security bonds paper and the like.

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The short pulp raw material required by the plant will be supplied locally while the long one will be imported from China and Brazil.

The development work on the plant is expected to be completed next year and full operations will be commenced in 1987.

COMMENTARY VIEWS HONG KONG'S ECONOMIC PERFORMANCE

HK181334 Beijing ZHONGGUO XINWEN SHE in Chinese 0736 GMT 17 Jul 85

["Commentary by ZHONGGUO XINWEN SHE reporter: 'Hong Kong's Economy in the First Half of 1985 and Its Prospects'" — ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 17 Jul (ZHONGGUO XINWEN SHE) — Hit by U.S. protectionism and the Overseas Trust Bank incident as well as some other unfavorable factors, Hong Kong's economy has not developed as quickly as expected at the beginning of this year, yet it has withstood these severe tests and has developed healthily. This shows the vitality generated by the stable political situation. As for the prospects for Hong Kong's economy in the second half of this year, personalities in various circles have different views, but generally speaking, all of them believe that Hong Kong's economy will develop

While the economic situation in Hong Kong is good, there are still many unfavorable factors in Hong Kong's economy. The manufacturing industry exports have further deteriorated, a situation that has not been seen since 1976. We should pay attention to this situation. According to Hong Kong industrialists, factories in Hong Kong have received fewer orders this year as compared with last year and many factories have ceased production, especially clothing or textile mills, and electronics factories.

What is more worrying, at present, there is little long-line [where supply exceeds demand] investment in the information industry, and only a little progress has been made in industrial automation. If this situation continues, Hong Kong products will lose their competitive ability in the sharp competition on the international market. "The Overseas Trust Bank incident," which broke at the beginning of June, exposed some long-standing problems in Hong Kong's financial system, including loopholes in the supervision and management of the banks. The negative influence caused by the incident has not yet been dispersed. Since the beginning of this year, Hong Kong's consumer market has been declining and the general merchandise and catering trade has not been able to find a good market.

As for the prospects of Hong Kong's economy in the second half of the year, local industrialists and businessmen believe that, although hit by the above-mentioned problems, Hong Kong's economy will still show improvement in the future. Although the economy of the United States, Hong Kong's biggest export market, has been developing very slowly, it has not yet declined. There is still a big demand in the United States for Hong Kong products, such as toys, electrical products, watches, clocks, and so on and so forth. Quite recently, the recovery of some West European currencies against the Hong Kong dollar has in turn strengthened the competitive ability of Hong Kong products in West European market.

In recent years, investment in Hong Kong's industry by local and overseas businessmen has increased, which will certainly play a positive part in improving the production technology and strengthening the competitive ability of Hong Kong products. Besides this, after being rectified in the first half of this year, the potential of China's external economic relations and foreign trade will be further developed, which will increase the export volume of Hong Kong products. The economists predict that Hong Kong's economy will probably enjoy a 5 percent increase this year.

SRI LANKAN MILITARY COMMANDER VISITS PLA UNITS

OW161513 Beijing XINHUA in English 1459 GMT 16 Jul 85

[Text] Beijing, July 16 (XINHUA) -- Lt.-Gen. Tissa Idraka Weeratunge, Sri Lanka's commander of joint operations, today visited a Chinese Army unit and an Air Force unit stationed in Beijing.

There, he watched a shooting exercise by soldiers and an air show. He also visited the soldiers' barracks. Weeratunge then exchanged views with Chinese military officers on training.

Leaves Beijing on Tour

OW180753 Beijing XINHUA in English 0654 GMT 18 Jul 85

[Text] Beijing, July 18 (XINHUA) -- Lt. Gen. Tissa Idraka Weeratunge, Sri Lanka's commander of joint operations, and his wife left here for Xian today. They will also tour Shanghai, Guangzhou and Shenzhen.

Yang Dezhi, chief of the General Staff of the Chinese People's Liberation Army, bade farewell to the Sri Lankan guests at the state guest house this morning.

Weeratunge hosted a return banquet yesterday evening at the Sri Lankan Embassy here. Deputy Chief of the General Staff of the PLA Han Huaizhi and other high-ranking Chinese officers were present.

PAKISTAN'S ZIA RECEIVES MUSLIM PILGRIMS FROM PRC

OW171928 Beijing XINHUA in English 1452 GMT 17 Jul 85

[Text] Islamabad, July 17 (XINHUA) -- Pakistan President Ziaul Haq received 15 representatives of Chinese Muslims, who are on their way to Saudi Arabia on pilgrimage, at the Presidential House in Rawalpindi today.

President Zia expressed welcome to the Chinese Muslims and congratulated them on having the opportunity to perform their religious duty in Mecca.

Mameti Karshi, a representative of the Chinese pilgrims, briefed Zia on the life of Chinese Muslims. He extended thanks to the Pakistan Government and people for their warm reception to the Chinese pilgrims.

ZHANG AIPING MEETS PORTUGAL'S PRESIDENT EANES

OW182030 Beijing XINHUA in English 2013 GMT 18 Jul 85

[Text] Lisbon, July 18 (XINHUA) -- Portuguese President Ramalho Eanes and Prime Minister Mario Soares today met Chinese State Councillor and Defence Minister Zhang Aiping on separate occasions. They had friendly talks with the Chinese guest.

Yesterday, Zhang had a meeting with his Portuguese counterpart Rui Machete and they exchanged information about their respective armies.

WESTERN EUROPE SAID TO ACCEPT 'EUREKA' PROGRAM

OW181821 Beijing XINHUA in English 1632 GMT 18 Jul 85

["Round-Up: 'Eureka' Program Accepted by West Europe" -- XINHUA headline]

[Text] Paris, July 18 (XINHUA) -- President of the European Commission Jacques Delor and foreign and research ministers from 17 European nations concluded a one-day conference last night on how to materialize the French-initiated high technology "Eureka" program. They agreed that another meeting be held in Bonn before November 15, 1985.

French Minister for External Affairs Roland Dumas said at a press conference that the conference was fruitful. All 17 delegations, he said, supported the program "without reservation." The Eureka program was accepted by West Europe today, he announced.

Delegates from Federal Germany considered the program as a new start for Europe to become the technological center of the world.

The Eureka program has drawn a wide response from the West European nations since it was put forward by France in April. Dumas said: "We are in a preparatory phase. There is still a long way to go towards success."

Dumas told reporters that participants of the conference had exchanged views on the content, structure and financial issues of the Eureka program. They agreed that the European countries must strengthen cooperation to change the backward situation in the area of high technology. But they believed that flexibility is necessary in organization. There has been no conclusion on the organization to coordinate the program. There are also differences of views on the issue of funds.

Dumas revealed that several countries, including France, have promised to allocate funds from their budgets to support the Eureka program.

West German Foreign Minister Hans-Dietrich Genscher said at the closed-door conference that Eureka is a necessity with or without the U.S. Strategic Defense Initiative (SDI), sources said.

Genscher also said that cooperation within the framework of Eureka should be as flexible as possible and open to all West European countries. He was against the idea of a central agency or a secretariat to control all the projects. He proposed that stress be placed in the research of advanced technologies which are vital to European economies.

British Foreign Secretary Geoffrey Howe said the project should be characterized by its flexibility. The essence of Eureka is the market, he said. The market sectors should be suitable for cooperative exploitation across European frontiers and have a potential worldwide market, he added.

This view was shared by the Dutch delegates who said that creating a true European market is the best way of strengthening the technological base of Europe. Sweden delegates said the neutral countries joined the program because of its "flexible form" and its "civil orientation."

President of the European Commission Jacques Delors said the success of Eureka depends on three essential conditions: wide cooperation among European enterprises, capabilities of West European nations to negotiate with their major partners, the U.S. and Japan, so as to avoid one-way traffic in technological transfer and cooperation and enough funds. He said while carrying out its own technological plans, the EEC community should coordinate with the projects of Eureka.

Observers here noted that although no specific decisions were made at the conference, the unanimous support for and acceptance of the Eureka program by all delegates showed the common willingness of Western European countries to strengthen their positions in the fields of advanced technologies. However, Eureka is yet to overcome many difficulties to achieve its goals.

AUSTRIAN MINISTER BRIEFED ON STEEL INDUSTRY PLANS

OW191054 Beijing XINHUA in English 1042 GMT 19 Jul 85

[Text] Beijing, July 19 (XINHUA) -- The Metallurgical Industry Ministry will give priority during the Seventh Five-Year Plan (1986-1990) to upgrading old enterprises, Minister Li Dongye said today.

The ministry will seek help and support from other countries in the task, he said during talks here with Ferdinand Lacina, Austrian minister for public economy and transport.

He briefed Lacina on the development of China's metallurgical industry and its policy of opening to the outside world. He said that although a great amount of steel was needed in China, the iron and steel industry could be developed only gradually.

In reply, Lacina said he hoped the 20-year-long trade relations between Austria's Voest-Alpine steel complex and China would be further expanded.

The minister and his visiting party arrived here on Thursday and will leave next Wednesday.

CHEN MUHUA MEETS KENYA'S MOI, DISCUSSES TIES

OW181346 Beijing XINHUA in English 1236 GMT 18 Jul 85

[Text] Nairobi, July 18 (XINHUA) -- Kenyan President Daniel arap Moi told Chinese State Councillor Chen Muhua today that he was very much impressed during his visit to China last year and will do his best to strengthen relations between the two countries.

President Moi received Chen, who is heading a Chinese women delegation here to attend the world women conference, this morning at the state house.

"Our two countries shall work hand in hand to strengthen our friendly relations and international peace," the president said.

"A symbolic indication of promoting our relationship is the Kenya National Sports Complex now under construction at Kasarani with your help, which is going to be a milestone in Kenya's sports history," he said. "When it is completed, we would like to invite your sportsmen to play together with our sportsmen."

Chen Muhua expressed thanks to President Moi who had found time in his busy schedule to receive the Chinese delegation prior to his departure for Addis Ababa to attend the summit of the Organization of African Unity. The successful state visit by President Moi to China in September 1980 has opened up a new stage in the friendly relations between our two countries, she said.

"We shall very much cherish this friendship and shall do our utmost to further promote our relations," she said.

Chen also expressed appreciations for the efforts by President Moi and the Kenyan Government in bringing the world women's conference to a successful opening and hoped that the conference will end in a fruitful results and with good documents acceptable to all.

RECEPTION MARKS SINO-MAURITANIAN RELATIONS

OW181330 Beijing XINHUA in English 1228 GMT 18 Jul 85

[Text] Beijing, July 18 (XINHUA) -- A reception celebrating the 20th anniversary of the establishment of diplomatic relations between China and Mauritania was held here this afternoon.

Among those present at the reception were Chen Zaidao, vice chairman of the National Committee of the Chinese People's Political Consultative Conference; Gong Dafei, president of the Chinese-African People's Friendship Association, as well as Diagana Youssouf, Mauritanian ambassador to China.

In his speech, Lin Lin, vice president of the Chinese People's Association for Friendship With Foreign Countries, expressed satisfaction with the cooperation between the two countries in the political, economic and cultural fields.

Ambassador Youssouf agreed that wide-ranging cooperation had been conducted between the two countries over the past 20 years. He hoped for the continuous growth of the friendship and friendly cooperation between the two countries and their peoples.

The reception was sponsored by the Chinese People's Association for Friendship With Foreign Countries and the Chinese-African People's Friendship Association.

LI XIANNIAN, DELEGATION VISIT QUEBEC, TORONTO

Tour Quebec Port

OW181933 Beijing XINHUA in English 1926 GMT 18 Jul 85

[Text] Quebec City, July 18 (XINHUA) -- Visiting Chinese President Li Xiannian and his wife Lin Jiamei today visited the port of Quebec, one of the most important ports in the world.

A natural gateway to North America's heartland, the port of Quebec has today become a deepwater connection of the Great Lakes and the St. Lawrence.

Accompanied by Clement Richard, minister of culture affairs of Quebec Province, President Li was in high spirits while he was touring the harbor aboard the boat Louis Jollier. A Quebec girl presented a shirt of maple leaves to President Li, who gave her in return an embroidery table-cloth as gift. A group of high school students performed the traditional Quebec dance for the Chinese guests on board the boat.

Earlier this morning, President Li and his party visited the Quebec Citadel and the Place Royale, two historic sites in Quebec City.

Li Peng Visits Hydro Plant

OWL90156 Beijing XINHUA in English 0135 GMT 19 Jul 85

[Text] Quebec City, July 18 (XINHUA) -- Chinese Vice-Premier Li Peng said today there are broad prospects for cooperation between China and Canada, including the Province of Quebec, in hydroelectric construction.

Li Peng made the remarks while visiting the La Grande II hydropower station, some 900 kms northwest of Quebec City.

The station, with its turbine-generator units 137 meters below ground, is the largest of its kind in the world.

Li Peng said the power station has left a deep impression on him. He called it one of the greatest hydropower projects in the world.

He said China has much potential hydro power. Therefore, there is also a great potential for cooperation in this field between the two countries.

The Chinese vice-premier first toured the dams on La Grande Riviere, then he was taken into the underground station in a van through a tunnel.

Li Peng is here in Canada accompanying Chinese President Li Xiannian on a state visit to the country.

Group Arrives in Toronto

OWL90100 Beijing XINHUA in English 0049 GMT 19 Jul 85

[Text] Toronto, July 18 (XINHUA) -- Chinese President Li Xiannian flew in here this afternoon from Quebec City to continue his state visit to Canada.

When President Li stepped down from the plane, he was warmly greeted by leaders of the local and federal governments. Among them were Lieutenant Governor of Ontario Province John B. Aird, premier of Ontario David Peterson, Federal Minister of Fitness and Amateur Sport Otto Jelinek, and Chairman of the Municipality of Metropolitan Toronto Dennis Flynn.

Six girls representing the Chinese community in Toronto, Chinese students studying here, and the Chinese general consulate here presented bouquet of flowers to President Li and his wife Lin Jiamei.

More than 200 Overseas Chinese, Chinese-Canadians and Chinese students studying in Toronto gathered at the airport. They held red streamers inscribed with: "Chinese-Canadians in Toronto warmly welcome President of the People's Republic of China Li Xiannian," and shouted in Chinese in unison: "Long live China!" and "How are you, President Li?" Smiling broadly, President Li shook hands with many of them.

Present at the airport to welcome the Chinese president were also students of the Bethune College of the York University and representatives of the Canada-China Friendship Association.

TRINIDAD'S CHAMBERS VISITS SHENZHEN 18 JUL

OW181954 Beijing XINHUA in English 1547 GMT 18 Jul 85

[Text] Guangzhou, July 18 (XINHUA) -- Trinidad and Tobago Prime Minister George Michael Chambers arrived in Guangzhou this afternoon after visiting Shenzhen, one of China's four special economic zones.

The prime minister and his party arrived in Shenzhen from Guangzhou in the morning in the company of Chinese Minister of Textile Industry Wu Wenying. They were invited to a luncheon given by the government of Shenzhen City.

Proposing a toast, Mayor Liang Xiang briefed the visitors on what had been achieved in building the special economic zone since 1980.

"Facts show that the central authorities' decision on opening to the outside world, carrying out economic reforms and establishing special economic zones is correct." Liang Xiang said.

But a number of problems remain to be settled as the economic zone is a new undertaking, he added.

Paying tribute to the success of Shenzhen, Prime Minister Chambers praised local officials for learning from their experiences and correcting mistakes in the process of building Shenzhen.

Braving rain, the prime minister and his party inspected a plastic sheet factory, a bicycle factory and an electronics factory manufacturing TV sets -- all are joint ventures with local and Hong Kong investment. They also visited a fishermen's village.

EDITORIAL ON ESTABLISHMENT OF SINO-BOLIVIAN TIES

HK170839 Beijing RENMIN RIBAO in Chinese 11 Jul 85 p 1

[Editorial: "Acclaiming the Establishment of Diplomatic Relations Between Our Country and Bolivia"]

[Text] After holding friendly talks, our government and the Government of the Republic of Bolivia decided to establish formal diplomatic relations on 8 July. This decision conforms to the common desire of the peoples of the two countries and is in their common interest. We warmly acclaim the new development in Sino-Bolivian relations.

Bolivia is a developing country with rich mineral resources in South America. Since President Siles Zuazo assumed office, the Bolivian Government has been devoting efforts to consolidating internal democratization, to stabilizing the political situation, to surmounting economic difficulties, and to developing international affairs. Bolivia pursues a foreign policy of independence, keeping the initiative in its own hands, and nonalignment.

In addition, in cooperation with other Latin American countries, it is working hard toward a solution of the problem of national debt and the establishment of a new international economic order.

China is also a developing country. Now, it is concentrating its efforts on its four modernizations. We are willing to fight with Bolivia and other Third World countries for the establishment of a fair and rational new international economic order characterized by equality and mutual benefit.

In recent years, contacts between China and the Latin American countries have become increasingly frequent. They have deepened their mutual understanding and their relations have been developing satisfactorily. The establishment of diplomatic relations between China and Bolivia tells us that there are broad prospects for the development of relations between China and the Latin American countries.

We attach great importance to developing our friendship and cooperative relations with the Latin American countries. We are willing to step up our trade and political, economic, scientific, technological, and cultural exchanges and cooperation with them. We believe that, with the joint efforts of the Chinese and Latin American peoples, the friendship and cooperation between China and Latin American countries will bear new fruit.

COMMISSION EXPELS CADRE FOR POOR DISCIPLINE

OW161216 Beijing XINHUA Domestic Service in Chinese 0223 GMT 14 Jul 85

[Text] Beijing, 14 Jul (XINHUA) -- The Discipline Inspection Commission of the CPC Central Committee recently issued a circular to the whole party concerning the expulsion of Xiang Dongsheng, deputy director of the Yunnan Provincial Department of Agriculture, Animal Husbandry, and Fishery, from the party. The circular urged party organizations and leading cadres at all levels to draw a lesson from this negative example by effectively conducting education on party spirit, style, and discipline and persistently building socialism in both material and spiritual aspects. It is necessary to strictly reinforce party discipline, duly handle party members and cadres who have violated party and government discipline, resolutely struggle against erroneous acts contravening communist ideals and ethics, and inspire revolutionary enthusiasm to strive for accomplishing the party's general task and general objective in the new period.

The circular said: During an inspection of Wanding, Ruili, and Longchuan farms in Dehong Dai-Jingbo Autonomous Prefecture in April this year, Xiang Dongsheng, deputy director of the Yunnan Provincial Department of Agriculture, Animal Husbandry, and Fishery and manager of the provincial Land Reclamation Corporation, hinted to his subordinates of his intention to view pornographic videotapes. They went abroad on six occasions to collect pornographic tapes for his enjoyment. He spent 12 of the 13 evenings from 13 through 25 April watching a total of 29 tapes. He also used public funds to purchase four pornographic tapes to bring back to the provincial Land Reclamation Corporation. Xiang Dongsheng's behavior aroused strong dissatisfaction among local cadres and people and created a very harmful influence.

The circular said: In accordance with the central authorities' instructions, the Yunnan provincial party committee ordered the provincial Discipline Inspection Commission to set up a work group to investigate and verify facts about Xiang Dongsheng's mistakes. With all the facts brought to light, the Yunnan provincial party committee decided to expel Xiang Dongsheng from the party, and suggested to the provincial government that he be relieved of all administrative posts. Other personnel involved were also criticized and educated or given disciplinary action by the party and government according to each case. The Central Discipline Inspection Commission has approved the decision to expel Xiang Dongsheng from the party.

The circular pointed out: This case provides deep food for thought. A leading cadre at department and bureau level who had joined the revolutionary undertaking for many years, Xiang Dongsheng openly violated party discipline and government laws by taking the lead in watching pornographic films in spite of the repeated injunctions by the CPC Central Committee and the State Council banning the import, production, distributions, and viewing of pornographic films. Xiang Dongsheng's mistakes were not accidental. Prior to these mistakes, he had committed other errors and been given disciplinary action by the party. However, failing to draw a lesson from his errors, conscientiously temper his party spirit, and raise his communist awareness, he continued to indulge himself and, corroded by decadent ideas, finally embarked on the road of degeneration and completely lost his party spirit.

The circular pointed out: Xiang Dongsheng's mistakes serve as a warning to us: Under the new historical condition, all Communist Party members must enhance their party spirit, foster lofty ideals and ethics of communism, serve the people wholeheartedly, and raise their party consciousness continuously.

RENMIN RIBAO Commentator

HK181352 Beijing RENMIN RIBAO in Chinese 15 Jul 85 p 1

[Commentator's article: "Maintaining the Purity of the Party's Ranks"]

[Text] During his travels to inspect work, Xiang Dongsheng, deputy director of the Yunnan Provincial Department of Agriculture, Animal Husbandry, and Fisheries and manager of the provincial Land Reclamation Corporation, disregarded the prohibition issued by the CPC Central Committee and the State Council and got his subordinates to repeatedly collect pornographic videotapes for his enjoyment and even to spend public money to buy pornographic videotapes for him. This aroused strong indignation among the cadres and masses of people there. The Yunnan Provincial CPC Committee decided to expel Xiang Dongsheng from the party and proposed that the provincial government dismiss Xiang Dongsheng from all his government posts. The Discipline Inspection Commission of the CPC Central Committee has approved this decision and issued a circular on this.

Of course, the number of party members similar to Xiang Dongsheng who disregard party discipline and state law, have decadent thoughts, and cling to watching pornographic videotapes is very small. However, there are now indeed some party members who have failed to stand the test of the new situation of opening up to the outside world and enlivening the economy at home and who have exploited the power of their offices to pursue their private ends and conduct unhealthy practices. Some of them have even embarked on the road of violating the law and discipline. What is particularly worth mentioning is that when a few kinds of unhealthy practices ran rampant in the fourth quarter of last year, some veteran party members and cadres were involved and this has had a very bad impact and harmed the party's prestige.

These facts have fully proved that, under the new situation, it is very important for all party members to satisfactorily improve the party style of the party in power, to heighten party members' awareness, and to maintain the purity of party ranks. Our party's implementation of the reform and the policies of opening up to the outside world and enlivening the economy at home is aimed at further emancipating the productive forces and giving better play to the superiority of socialism. What we are carrying out is a socialist undertaking and our final goal is to realize communism. For this, every party member should be very sober minded. Regarding the reform in our economic structure as a practice of "putting money first in everything" or even a practice of pursuing private gains by fair means or foul, and regarding the policy of opening up to the outside world as a policy of opening the door of our country indiscriminately and not rejecting even the invasion of the dross of Western culture is extremely wrong. If we say that a member of the party should manage "not to be corrupted by riches," "nor to be subdued by force," then during the period of revolutionary wars, a party member mainly underwent the test to see whether he was able "not to be subdued by force" and was not afraid of death, while the test today was mainly whether he was able "not to be corrupted by riches" and is willing to become rich later than other people. Only by firmly maintaining the purity of communism can we resist and overcome the corrosion of the decadent ideology of any exploiting class. Therefore, every party member should study hard, make greater efforts to temper their party spirit, adhere to their great ideal of communism, and consciously keep themselves within the bounds of party discipline. This is a requirement for both new and old party members. We should be strict not only in exercising self-discipline but also in managing our organization. If we fail to strictly manage our own party, we will cause losses to the undertakings of the party and people.

The negative phenomena inside our party have also reminded us that we must be strict in imposing party discipline. The relaxation in imposing discipline has been an important reason why it has been hard to promptly correct the unhealthy practices. Of course, regarding most of the party members who have taken part in the unhealthy practices, we should focus on criticizing and educating them and helping them to heighten their awareness and party spirit and correct their mistakes. However, some party members who have violated party discipline disregarded the central authorities' repeated instructions and committed mistakes knowingly. We must mete our disciplinary punishment to these party members. There are a very small number of party members who have become unable to meet the necessary qualification for party members and should be resolutely expelled from our party. Cutting out running sores from a healthy body will not weaken but will only augment our party's combat effectiveness and will not lower but will only raise our party's prestige.

RENMIN RIBAO CARRIES 'INTRODUCTORY NOTE' ON NAVY

HK181007 Beijing RENMIN RIBAO in Chinese 14 Jul 85 p 4

[Report: "Introductory Note on the People's Navy"]

[Text] The PLA Navy currently consists of the following principal arms: Submarine units -- their main tasks are to attack large- and medium-sized vessels at sea as well as important targets on the coast, and undertake tactical reconnaissance tasks.

Surface vessel units -- their tasks are to carry out combat missions at sea. Surface vessels can be divided into warships and auxiliary craft. Warships comprise guided missile destroyers, guided missile escort vessels, minelayers, minesweepers, guided missile PT boats, torpedo speed boats, submarine chasers, escort boats, and so on; and auxiliary craft comprise oceangoing tenders, refrigerator ships, icebreakers, hospital ships, crane ships, cable layers, pile-driving ships, landing ships, repair ships, and so on.

Air units -- they are mainly responsible for carrying out combat missions at sea. Beside fighters, attack planes, and bombers, air units are also equipped with minelaying and torpedo planes, antisubmarine planes, seaplanes, and other military airplanes to carry out operations at sea.

Coastal defense units -- responsible for coastal defense, they consist of coastal artillery and coastal guided missile units.

Marine force -- responsible for landing operations, the marine force is equipped with landing means and other weapons and equipment to fit the needs of modern landing operations.

Following the development of economic construction and the shipbuilding industry, the level of modernization of the people's Navy's armaments has been raised rapidly. China now can produce, on its own, dozens of vessels and boats of different models. All arms of the Navy are striving to raise their combat strength by commissioning more missiles and electronic equipment and to enhance their standard of automation.

PLA AIR FORCE COMMENDS GOOD PARTY MEMBERS

HK190301 Beijing RENMIN RIBAO in Chinese 12 Jul 85 p 4

[Report by Cai Shanwu: "PLA Air Force Party Rectification Office Issues Circular Commending 10 Good Party Members Who Obey the Placement Arranged by the Party"]

[Text] The PLA Air Force party rectification office issued a circular on 10 July, recommending 10 party member officers to commanders and fighters of all units under the Air Force for their stirring deeds and noble moral character.

Having lofty revolutionary ideals in mind and voluntarily valuing the interests of the party and people above everything else, they do not stress their personal problems nor care about their own gains and losses, but they willingly accept the worst and obey the placement arranged by the party in the current structural reform and reduction-in-strength reorganization of the Air Force. The circular calls on the CPC committees at various levels of the Air Force units to conscientiously carry out party spiritual education by means of their exemplary role and to enhance the political and ideological quality of vast numbers of party members once and for all so as to make the troop reduction a success.

The 10 good party members have been recommended by the Air Force units which are engaged in the second stage of party rectification. Some of them enlisted in the Armed Forces in the war of liberation, some joined the Air Force just at the time of its establishment, and some joined the Army from universities before the "Cultural Revolution." Having worked in the Air Force for 20 to 30 years, all of them, about 50 years old, now hold leading posts in battalions, regiments, and divisions after making outstanding contributions to Army building and modernization. Facing the new situation of troop cuts, they develop the Army's fine traditions of "doing any job they may be assigned by the party and going and settling down wherever they are needed," they do not claim credit for themselves and take pride in their own achievements, and they take the country's overall situation into account and share the party's cares and burdens.

Cai Wenguang, 53, a deputy chief of the construction section of an aeronautical engineering school, has been commended on four occasions and elected twice as an outstanding party member in the 36 years since he enlisted. To meet the needs of work, he has lived apart from his wife for a long time; he is thus entangled in personal affairs. According to rules and regulations, he is eligible for retirement and can enjoy a happy life with his wife, but he is always at the beck and call of the party in line with the needs of Army building. Some construction units of his native town admired his experiences in housing construction and time and again invited him and promised to offer him the exceptional salary of 250 yuan, but Cai Wenguang graciously declined. After he managed to overcome difficulties with his family, he threw himself into his work again. He enthusiastically passed on experience, gave help and set an example in training new hands. In order to fulfill a construction task assigned by the party committee, he worked day and night on the construction site. The higher authorities had a rather high opinion of him because he accomplished well all work assigned to him for building construction projects and afforesting airports.

Zhong Yongshun, 53, political commissar of an aeronautical engineering school, is the eldest in the leading body of the school's party committee, but he expresses his willingness to obey the placement by the party. He devotes himself heart and soul to his work. In order to keep a close watch on the ideological trend of officers and men, he has had more than 150 heart-to-heart talks with them. He often spends holidays and Sundays with cadres at the grass-roots level. In order to train pilots to deal with the situation in the event of war, for a period of time, he used to fly with trainees until midnight and help day-time flight training in the early morning.

Xu Shuangjiu, an instructor of deputy regimental command grade of the political teaching and research room of a PLA unit, joined the Army as early as in 1950. In the current troop reduction in strength, he does not think much of his personal problems but immerses himself in hard work. In order to run well a 300-student school offering correspondence courses he started work early and finished late to prepare teaching material and recruit teachers.

BUREAU DEFENDS ENVIRONMENTAL PROTECTION STANDARDS

HK180839 Beijing RENMIN RIBAO in Chinese 7 Jul 85, p 2

[Article by Reporter Xiao Tihuan: "Why Defending the Environmental Protection Law Incurs Censure -- On Problems Which Occurred in Selecting a Site for the Wenzhou Woolen Mill"]

[Text] Since 19 March this year, the leading cadres of the Wenzhou City [Zhejiang Province] CPC Committee and city government have repeatedly heaped harsh criticism upon the leaders of the Wenzhou City Environmental Protection Bureau and instructed the latter to make self-criticism in written form. What is the matter?

From a recent interview with the authorities concerned in Wenzhou City, this reporter learned that the Wenzhou City Environmental Protection Bureau held different views on matters of principle, such as that in selecting a site for the Wenzhou woolen mill which is expected to cause serious pollution, whether or not the water source area which provides the city's population of 360,000 with drinking water should be defended. This has offended leaders of the city authorities.

The city proper of Wenzhou is located on the south bank of the Ou Jiang which runs from west to east. Built along the river bank, the city, which is sack-shaped, is oriented along an east-west axis. Wenzhou is very close to the Ou Jiang and it nestles near the mouth of the river. Therefore, the water of a section of the Ou Jiang in the city proper is salty due to the inflow of seawater. It is unfit for drinking. The drinking water of city residents comes mainly from the inland river systems consisting of ponds and rivers, which are basically static and closed and lack the ability to dilute and purify themselves and their storage capacity is limited. They rely mainly on rainwater for replenishment. Since the dry season is long, the water supply in Wenzhou is relatively strained.

Last autumn the provincial authorities decided to set up a new woolen mill in Wenzhou, including the technological processes of wool washing, woolen spinning and weaving, and printing and dyeing, which was expected to discharge 2,000 to 3,000 tons of colored, poison waste water a day.

As far as site selection was concerned, in the last 10 days October last year, the provincial Light Industry Department, the provincial textile industrial company and the departments concerned of Wenzhou City repeatedly discussed the three options for the site, including Sanshiliu Village, which is located at the northeastern part of the city, and Sanbanqiao, which is located at the central-south part of the city and finally decided to set up the mill in Sanshiliu Village, which is down-river from the city. In a brief report, the preparatory construction office of the woolen mill explained: "The site which is well situated and close to the Ou Jiang will require less investment in pollution control and will not pollute underground water. It has good transport facilities in roads and waterways and is situated close to the city proper and thus helpful for female workers to commute to work and will contribute to enterprise management."

In the first 10 days of March this year, the preparatory construction office of the woolen mill changed its previous proposal and asked to take Sanbanqiao as its mill site and some departments concerned expressed their support for the new proposal.

Many reasons were set forth to support the proposal but the practical problem was that Sanbanqiao was in the middle section of the city and thus better situated and more accessible than Sanshiliu Village. On 12 March, the Wenzhou City Planning Commission submitted a report to the provincial Planning and Economic Commissions to ask for an alteration of the mill's site and indicated that the city Environmental Protection Bureau also had "agreed to the proposal to choose Sanbanqiao as the mill's site." Feeling things came unexpectedly, the city Environment Protection Bureau said: "We have not been kept informed of the report. Under these circumstances, the report carried the claim that it had been endorsed by the Environmental Protection Bureau." On 15 March, people from the bureau went to the city Planning Commission to clarify their views.

Subsequently, on 17 March, the Wenzhou City Environmental Protection Bureau wrote a report of "suggestions on the decision on the site of the Wenzhou City woolen mill" separately to the provincial Planning and Economic Commissions and the provincial Environmental Protection Bureau, explaining that as Sanbanqiao belonged to a water sources protection area as stipulated by the city's overall plan and according to the "environmental protection law" and other related regulations, Sanbanqiao could not be considered as a site for the new woolen mill and argued that the proposal which had previously been examined and approved by the provincial and city departments concerned should be maintained. The leading cadres of the city CPC Committee and government were angry that a report holding different opinions from their own was submitted to the higher authorities and repeatedly criticized the city Environmental Protection Bureau. Moreover, on 21 March, they ordered the bureau's leaders to personally make self-criticism in written form within 2 days. In the self-criticism which it made on 22 March, the bureau still refused to endorse the proposal to switch the site of the mill to Sanbanqiao. Ignoring the bureau's suggestions, on 8 April the city authorities reported to the provincial Planning and Economic Commissions and said that the city Environmental Protection Bureau "had made a self-criticism." They hoped that the commissions would pay close attention to the examination and approval of the tentative plan for selecting Sanbanqiao as the site of the woolen mill. At the time this reporter was writing this article, the provincial Planning and Economic commissions had not yet approved the plan.

In order to set up the seriously pollutive Wenzhou City woolen mill in Sanbanqiao which is situated in an area which is a source of drinking water, the parties concerned attempted to reduce the limits of the water sources protection areas as stipulated in the overall plan of Wenzhou City so as to "free Sanbanqiao from the water sources protection areas. This practice of seizing every chance to gain advantage by trickery not only has violated the stipulations of the city's overall plan but it also cannot replace the objective fact -- the limits of the water sources protection areas. This reporter went to the Wenzhou chemical plant, which is 7 kilometers from the Xixian waterworks, to gather materials. According to the plant leaders, if something goes wrong with their sewage pipes which carry ammonia- or nitrogen-bearing waste water due to negligence, the waste water will overflow the inland river systems and this will put the waterworks in constant danger of being polluted. If the woolen mill is set up in Sanbanqiao which is closer to the waterworks (2 kilometers from both the eastern and western waterworks), even with strict and systematic sewage treatment facilities to dispose of its highly toxic, aniline-bearing waste water, if an accident occurs, there will be inconceivable consequences to the supply of drinking water for the urban population totaling more than 300,000.

This reporter has interviewed the higher department in charge of environmental protection on the question of site selection of the Wenzhou woolen mill. They held that the Wenzhou City Environmental Protection Bureau did not agree to the proposal to set up the seriously pollutive woolen mill in Sanbanquo, which is situated in the water-source area, is a manifestation of defending the "environmental protection law" and holding itself responsible to the people. If the leaders of the bureau, knowing well that the city's water source would be in danger of being polluted by the new project, failed to come out bravely, that would mean they would have neglected their duties. It is unfair that the Wenzhou City Environmental Protection Bureau was sternly criticized and ordered to make self-criticism.

Commentator's Article

HK180843 Beijing RENMIN RIBAO in Chinese 7 Jul 85, p 2

[Commentator's article: "Leaders Are Duty-Bound To Protect the Environment"]

[Text] That the Wenzhou Environmental Protection Bureau defended the "environmental protection law" and refused to endorse the setting up of a seriously pollutive plant in the water-source area is quite correct. Some of the Wenzhou City authorities have confused right and wrong and have gone too far by unwarrantedly accusing and ordering the bureau's leaders to make self-criticism in written form.

The 17th Article of the "environmental protection law" clearly stipulates that no one shall set up any enterprise or institution that pollutes water sources protection areas. "The Regulations Concerning the Environmental Protection of Capital Construction Projects" promulgated by the State Planning Commission, the State Construction Commission, the State Economic Commission, and the Environmental Protection Leading Group of the State Council on 11 May 1981 also stipulates: "When examining and approving feasibility reports, planning designs, site selection reports, and tentative designs of capital construction projects, planning and construction commissions at various levels should consult with environmental protection departments so as to ensure that the requirements of protecting the environment of capital construction projects are met" and it also points out that environmental protection departments should "supervise and inspect the environmental protection of capital construction projects." The Wenzhou Environmental Protection Bureau which approached the environmental protection of a capital construction project seriously and in accordance with the "environmental protection law" and related regulations sought to win the vigorous support of the city leadership. Since the convention of the second national environmental protection conference held at the beginning of last year, the CPC Central Committee and the State Council have repeatedly stressed that governors and mayors should take charge of the environmental protection work of their own localities, personally conduct investigations and study, supervise and inspect the work, sum up experience in the work, and report their work in this respect to the masses at a certain time. Each government should make contributions toward improving the environment during its term of office. Governors and mayors should rely on and support environmental protection departments in carrying their environmental protection work and the latter should vigorously discharge their responsibilities on their own initiative for governors, mayors, and the masses. With this sense of responsibility and enthusiasm on both sides, the environmental protection work can certainly be carried out satisfactorily.

The question of site selection of the Wenzhou woolen mill shows that leading cadres of party committees and governments at various levels should not only be production conscious but they should also have a clear sense of awareness in environmental protection.

If we concentrate on production to the neglect of the problem of environment, we are very likely to take the old path of "pollution first, treatment second." We must firmly bear in mind the lessons learned from the losses we suffered in this respect. As far as new enterprises that create pollution is concerned, we should give prudent consideration to their distribution, carry out repeated scientific deliberations, carefully respect the opinions of environmental protection departments, and take comprehensive economic results into full account. We must avoid by all means doing things in an oversimplified way and excluding environmental protection work as an extra burden, for this is not permitted by our policies.

RENMIN RIBAO PRAISES FOOD MARKETS IN QINGDAO

HK180945 Beijing RENMIN RIBAO in Chinese 11 Jul 85 p 1

[Report by DAZHONG RIBAO Reporter Wang Xiguang: "Qingdao Has an Abundant Supply of Nonstaple Food at Reasonable Prices"]

[Text] Reform of the purchases and marketing system for farm produce has brought gratifying changes to nonstaple food markets in Qingdao City. In state-owned vegetable shops and on open markets for farm produce, people can buy fresh pork, eggs, and various vegetables from morning to night. Things are completely different since the price decontrol.

The changes in the nonstaple food markets of Qingdao City are the results of the efforts of the city party committee and the city government to give play to the functions of state commerce as a main channel and regulator for commodity circulation. Earlier this year, the city experienced an "egg disturbance." Because of the rapid development of the chicken raising industry in the suburban areas, fresh eggs poured into the city's markets shortly after the Spring Festival. But the state commercial department of the city refused to purchase the eggs under the excuse of "decontrolling," and even dumped more than 1 million jin of eggs in stock at a low price to compete with the peasants. This resulted in a false glut of eggs. Peasants incurred heavy losses because their eggs could not sell well, and some peasants even began to kill their chickens. The Qingdao City CPC Committee and city government drew a lesson from this event. As soon as prices for meat, eggs, and vegetables were completely decontrolled in May, the city authorities immediately took measures to ensure that state commerce would continue to function as the main channel commodity circulation and regarded this as a key to the smooth development of reform. They clearly stipulated that the commercial department cannot refuse to purchase the pigs, fresh eggs, and vegetables voluntarily sold by peasants, that state-owned vegetable shops must mainly sell meat, eggs, and vegetables and must ensure the supply of half a jin of vegetables each day per capita in the neighborhoods, and that their mark-up must be less than 30 percent, although no control will be imposed over prices for all goods except the items subsidized by the state, with prices of major farm products which have a bearing on people's livelihood being kept lower than prices in fair markets. In order to ensure the main channel role of state commerce, the city government also decided that financial subsidies would continue to be offered to make up for losses allowed by the policies and incurred when state commerce is to stabilize vegetable prices, regulate supply, and satisfy market demands. The production of pigs and eggs is markedly seasonal. This makes it difficult to sell these perishable goods when they are in season and makes the supply of these goods short when they are out of season. To tackle this problem, the city food company has taken active measures to increase the purchase of these goods so as to stabilize prices and protect the interests of both producers and consumers. By mid-June, the company had more than 4,000 tons of pork and more than 6.3 million jin of eggs in stock.

The city vegetable company, after reforming the purchase and marketing system, also sent 160 functionaries to the suburban areas to convey market information to vegetable growers and provide them with technical guidance so as to increase vegetable production. In addition, the company also buys vegetables from other areas to ensure the supply of goods. Since late May, it has bought more than 100,000 jin of vegetables each day from other areas. This ensures that state-owned vegetable shops in the city are able to maintain some 50 percent of the total vegetable sales in the markets.

While ensuring the functions of state commerce, the city authorities also open the markets of the city to all peasants from other areas and allow them to sell meat, eggs, and vegetables in the markets. Earlier this year, the city set up a trading center for meat, poultry, and eggs, and added 11 new wholesale and trade centers for farm produce in the downtown area. Now there are a total of 42 open markets for farm products in the city.

Commentator's Article

HK180947 Beijing RENMIN RIBAO in Chinese 11 Jul 85 p 1

[Commentator's article: "State Commerce Can Accomplish Much"]

[Text] The state commercial institutions follow economic laws and play a role as the main channel for circulation. They have succeeded in regulating the production and marketing of meat and eggs and have formed a benign cycle which promotes production and satisfies consumers and also enables the commercial enterprises to gain reasonable profits. This instance shows that under the new situation of price decontrol and quicker commodity circulation, state commerce can play a big role in regulating the markets, stabilizing prices, ensuring supply, and promoting production.

After nonstaple food prices are gradually decontrolled, changes in nonstable food prices will be directly related to the supply and demand situation. In some localities, after prices for nonstaple food, such as vegetables and eggs, were decontrolled, state commercial institutions continued to stick to their bureaucratic business style and failed to regulate the markets. As a result, the trading of some foodstuffs was controlled by individual traders for a time. This not only caused the overstocking of goods in producing areas and caused losses to producers, but also made prices of these goods unstable on the markets and added to the burdens of consumers. Both producers and consumers were discontented with this state of affairs, which has even given rise to some misgivings about the policy of decontrolling prices and enlivening the economy.

The fact that the price decontrol has brought pressure to bear on state commercial institutions fully shows that the old system and old business style of the state commercial institutions must be changed thoroughly. Of course, reform is by no means something that can be accomplished overnight. They need some time to adapt themselves to the reform process. However, we should notice that some state commercial institutions seem to give up their responsibility for the regulation of market activities or simply demand more state subsidies for their business. This attitude is obviously unfavorable to the improvement of the business style of these state commercial institutions. In order to stabilize prices, it is necessary for the state to grant some financial support to state commerce. But if a unit merely relies on state subsidies to do business, it will not change its previous practice of "eating from the state's big pot." In particular, if subsidies are granted lavishly to keep the selling price lower than the buying price in order to stabilize the price level of the markets, this method will not only harm the interests of producers, but will also impede the diversification of commercial channels. The most important thing in price reform is to protect the enthusiasm of producers for developing production.

As long as production develops, state commerce will have an ample supply of goods to regulate the markets, and reform will be carried out on a solid material foundation. In addition, state commercial institutions should change their unwieldy organization and rigid business management, and should find new sources of goods and diversify the forms of marketing. State commerce has advantages in information, storage, and transportation. As long as it changes its business style, improves management, and plays an active role in market regulation, it will be able to tap its potential and fully function as a main channel for commodity circulation and will play a positive role in regulating supply, promoting production and marketing, and organizing the commercial activities of collective and individual traders in both local and other areas.

The supply of nonstaple food has a great bearing on the people's livelihood and the stability of society. Authorities concerned should make thorough investigations and find out the regularity of market activities and should properly employ the economic levers and enhance their leadership skills. At present, economic activities are increasingly active, and need constant regulation. As long as state commerce changes its business style, acquires quick access to information, and takes rapid action, it will function more effectively and efficiently as the main channel for commodity circulation.

XINHUA COMMENTATOR ON FALL GRAIN PRODUCTION

OW190806 Beijing XINHUA Domestic Service in Chinese 0116 GMT 16 Jul 85

["XINHUA Commentator: 'Ensure Successful Production of Fall Grain Crops'" -- XINHUA headline]

[Text] Beijing, 16 Jul (XINHUA) -- As summer harvesting and planting have basically been accomplished in most parts of the country, field management of fall grain crops has been gaining momentum. The fall grain crops are the major grain crops in our country's grain production. Whether they are successful or not is of decisive importance to the output of the entire year.

While this year's late fall crops are growing fairly satisfactorily in most parts of the country, certain noteworthy problems have also appeared. For example, sowing in certain localities has been quite extensive, and hoeing is not firmly enforced. Because it has been quite rainy since the beginning of the summer, weeds are growing along with seedlings, many of which are of poor, third-grade quality. Certain households are also investing less in their land. Compared with last year, the amount of manure and nitrogen and phosphorous fertilizer for the late fall crops has been reduced. What is worse, under the excellent situation, certain grass-root cadres have become unrealistically optimistic, saying such thing as "Why should we worry since the per capita output of 800 jin has already been achieved?" These people have therefore relaxed their leadership in grain production in one way or another.

The fact that our nation's grain output last year reached an average of 800 jin per capita certainly is a big success, but we must also realize that our country's agricultural production is quite vulnerable to natural disasters and is quite often hindered by natural factors, and so at no time should we take agricultural production lightly. While we understand that "the economy can not thrive without industry, and it cannot be enlivened without commerce," we must also realize that "the economy cannot be stabilized without agriculture." Agriculture is the foundation of the economy and food grains are the main indicator of how agriculture is playing its role as the foundation. Such being the case, all localities must adopt effective measures to deal with new situations and new problems.

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The traditional belief -- that successful agricultural production is 30 percent dependent on planting, and 70 percent dependent on management -- has a point. While successful planting is the precondition for a bumper harvest, proper management guarantees a bumper harvest. The current central task of grain growers is field management. Since there will be more rain during the summer, all localities should step up weeding, and those areas stricken by drought should steps to combat drought to protect the young seedlings. At the same time, all localities must apply additional fertilizer to late fall crops and departments concerned should do all they can to support the peasants. According to research departments, in case there is a shortage of fertilizer proper application of each additional jin of standard manure can increase corn output by 5 to 8 jin, or increase unhusked rice output by 2 to 4 jin. Moreover, we must pay attention to pest control, adopt appropriate steps to protect all seedlings and keep damage by insect pests to a minimum.

This year is the first year for carrying out the second major rural reform in our country. By restructuring production, the acreage for grain production has generally been reduced in size in all localities. Thus, proper management of the fall grain crops and increasing the per unit output are important means for ensuring the accomplishment of the grain production plan, and are of special significance for ensuring the reform. It is hoped that departments concerned at all levels in all localities will send capable cadres to investigate and do practical work at grass-root units and lose no time in solving their practical problems so that successful production of fall grain crops can be ensured.

STATE COUNCIL LEVIES IMPORT REGULATORY TAX

OW140932 Beijing XINHUA in English 0854 GMT 14 Jul 85

[Text] Beijing, July 14 (XINHUA) -- The State Council has decided to levy import regulatory tax, in addition to customs duties, on a number of import commodities, the State Council announced here today. It aimed to regulate imports by economic means, said the State Council in a circular.

The circular said that some localities and units had imported in a blind way commodities with big price differentials on home and foreign markets. This had an unfavorable impact on the domestic economic development, the circular said.

The new tax covers sedan cars, mini-buses, cross-country vehicles, motor cycles, video-recorders, color projection TV sets, mini-computers and their peripheral equipment, processed polyester yarn, synthetic chemical fabrics and some other items. The taxation is applicable in the special economic zones and the Hainan Island Administrative Zone, the circular added.

It will be effective as of the zero hour of July 16, according to the general administration of customs.

CIRCULAR CALLS FOR TACKLING FAKE DRUG PROBLEM

OW181115 Beijing XINHUA Domestic Service in Chinese 1311 GMT 17 Jul 85

[Text] Beijing, 17 Jul (XINHUA) -- A few days ago the Ministry of Public Health issued an emergency circular calling on various public health administrative departments to strengthen supervision and control over pharmaceuticals and to forcibly strike at criminal activities of manufacturing and peddling fake and poor-quality pharmaceuticals that undermine people's health and endanger their lives.

The emergency circular issued by the Ministry of Public Health pointed out: According to information from various localities, the activities of some lawless persons of manufacturing and peddling fake and poor-quality pharmaceuticals aimed at defrauding and harming people have become quite serious. In addition to the case of peddling fake pharmaceuticals in Jinjiang, there have been other cases such as the case involving the sale of rejected pharmaceuticals in Huaibei City in Anhui Province and Wei County in Hebei Province, the case involving the manufacture and sale of fake toad ointment in Cangshan County, Shandong Province, the case involving the illegal manufacture and sale of caffeine sodium benzoate impairing the people's health in Yuncheng City in Shanxi Province, and the case involving itinerant physicians and drug peddlers in Qidong County of Jiangsu Province who illegally sold toxic herbal medicine -- the root of euphorbia kansui and caused deaths. There have also been similar cases in other provinces, autonomous regions, and municipalities under the direct administration of the central government. Some of these cases have been handled, while others are still under investigation.

The emergency circular emphasized: The public health departments at all levels must regard the work of investigating and dealing with fake pharmaceuticals as an important item on their daily agenda. Public health bureau and department directors must pay personal attention to this work and strengthen their leadership. It is necessary to adhere to principle, have the courage to handle tough cases, be resolute when firmness is needed, and to ensure that laws are observed, that they are strictly enforced, and that law breakers are dealt with.

The circular pointed out: In dealing with major and important cases involving the manufacture and sale of fake pharmaceuticals that seriously harm people's health and endanger people's lives, it is essential to send out inspection teams under the leadership of the government at the corresponding level to make a thorough investigation of law offenses. It is necessary to destroy the fake pharmaceuticals in stock, confiscate illegal earnings, impose fines, make law-breakers pay for damages to victims, revoke their licenses, and levy other administrative penalties according to the stipulations of the law on the control of pharmaceuticals. It is essential to enforce the law on those individuals or units that are directly responsible for inflicting serious damage on people's health; refer these cases to the public security, procuratorial, and judicial departments for criminal prosecution of these law breakers; and severely punish them according to law and forcibly strike at them. It is also necessary to handle those who have covered up and shielded law-breakers by enforcing party and government discipline and state laws and following the guidelines laid down in the open letter sent by the Discipline Inspection Commission of the CPC Central Committee to the Jinjiang Prefectural CPC Committee and the leading party group of the Jinjiang Prefectural Administrative Office.

The circular also called on pharmaceutical inspection centers at all levels to strengthen their work in spot-checking pharmaceuticals; to visit the various pharmaceutical plants, medical administrative departments, and medical units to check and supervise their work and test pharmaceutical samples; and to report to the public health administrative departments as soon as fake and poor-quality pharmaceuticals are found so that these cases can be seriously dealt with.

LIAOWANG ON STRENGTHENING MACROECONOMIC CONTROL

HK180143 Beijing LIAOWANG in Chinese No 26, 1 Jul 85 pp 22-23

[Article by Zhong He: "Strengthen Macroeconomic Control and Develop the Excellent Situation To Ensure Smooth Progress of the Reform" -- capitalized passages published in boldface]

[Text] THE OVERALL SITUATION IN OUR COUNTRY'S ECONOMIC DEVELOPMENT HAS BEEN VERY EXCELLENT THIS YEAR

Mainly on the basis of sustained growth in industrial and agricultural production for several years in succession, gradual improvement of economic effectiveness, remarkable acceleration of technological progress, and rapid improvement of the people's standard of living, the rural economic reform has been further deepened, the urban economic reform has been carried out step by step, and the state has strengthened macroeconomic control and administration in several respects. It has also consolidated the excellent situation of the sustained, stable, and coordinated development of the national economy. At present, the prospect of realizing a benign cycle is being unfolded and all the urban and rural areas in the country are developing in a down-to-earth manner along the road of carrying out reforms, opening to the outside world, and invigorating the national economy.

Agriculture is the foundation of the national economy. THE ECONOMIC SITUATION IS EXCELLENT AND THE SITUATION IN AGRICULTURE ESPECIALLY CONTINUES TO BE EXCELLENT. After bumper harvests for 6 years running, the agricultural structure has been readjusted step by step. The areas sown to grain and cotton have been reduced and the areas sown to other industrial crops have increased. As a result of popularizing improved strains and scientific growing methods, a good harvest of summer grain crops is in sight. It is hoped there will be an increase in the annual grain output. The output of cotton is being reduced according to plan, while the output of oil, hemp, and sugar will be greatly increased. Since the prices of meat, poultry, and aquatic products were regulated, the peasants have benefitted, thus promoting the development of production. Meanwhile, the production of fruits, including melons, and vegetables, as well as the transformation of various sideline and farm products, have rapidly developed. The commodity prices of farm products has risen quickly. Therefore, the rural economy is very lively.

INDUSTRIAL PRODUCTION HAS INCREASED AT A HIGH SPEED, AND THE GROWTH OF LIGHT INDUSTRY HAS EXCEEDED THAT OF HEAVY INDUSTRY. The output of color television sets, cassette recorders, and household washing machines and refrigerators has increased by 70 percent or more over the same period last year, and some have even doubled or tripled. The growth of the output of silk fabrics, woolen fabrics, beer, and so on is also relatively big. In heavy industry, it is coal, electricity, and oil that have overfulfilled production targets, with the total linear energy output being increasing remarkably. Meanwhile, the outputs of power-generating equipment, mining equipment, internal combustion engines, motor vehicles, and tractors, which can suit the developmental needs of capital construction, have also been greatly increased.

THE TEMPO OF THE STATE'S PRIORITY CONSTRUCTION PROJECTS HAS BEEN QUICKENED.

The concrete pouring project of the Gezhouba hydroelectric station, the excavating footage of 14 key coal mines, and the well-drilling footage of 6 key oil fields are all ahead of schedule. The first phase of construction of the Daqin line, our country's first modern railroad for heavy-duty and unitary trains, is now underway.

The No 1 furnace of the Shanghai Baoshan iron and steel works and its relevant projects are winding up, and the Huaihai cement plant in Shanghai has already begun a comprehensive trial run.

THE DOMESTIC MARKET HAS BEEN MAINTAINING A GOOD SELLING MOMENTUM.

Due to the improvement of the people's standard of living, the scope of "attention to food nutrition, clothing styles, and high-grade articles for daily use" is being expanded; new varieties of daily consumer goods have become extremely popular, and many shops are running specialized counters selling different goods to a specific target group of customers. Besides various trade centers, permanent rural trade markets, and small commodity markets, there is an increasing number of hawkers on the streets. In addition to an increase in the catering trade, both the urban and rural markets are unprecedentedly brisk.

THE TREND OF EXCESSIVELY EXTENDING CREDIT AND PUTTING CURRENCY INTO CIRCULATION THAT AROSE IN THE FOURTH QUARTER OF LAST YEAR HAS BEGUN TO BE REVERSED, THE TENDENCY TO LET CONSUMPTION FUNDS INCREASE TOO FAST HAS BEGUN TO BE BROUGHT TO A CLOSE, THE CONTROL OVER FOREIGN EXCHANGE HAS BEEN STRENGTHENED, AND THE GROWTH OF REVENUE HAS EXCEEDED THAT OF PREVIOUS YEARS, WITH REVENUE TOPPING EXPENDITURE.

Therefore, in brief, the economic situation in the first half of this year was excellent.

AT PRESENT IT IS NECESSARY TO STRENGTHEN MACROECONOMIC CONTROL AND ADMINISTRATION.

During the economic structural reform, because powers have been delegated to lower levels, microeconomic activities have been invigorated, productive forces have been greatly emancipated, and the urban and rural economies have been unprecedentedly lively, some new problems have also cropped up.

The first problem is that THE GROWTH OF INDUSTRIAL PRODUCTION IS TOO FAST; IN PARTICULAR THE GROWTH RATES OF TOWNSHIP, TOWN, AND VILLAGE INDUSTRIES ARE OVER 50 PERCENT.

Production development should be a good thing. However, if it outstrips the supply of electricity, coal, and raw materials and is beyond the capacity of communications and transportation, it will not last long. On the contrary, it will cause a tense situation in the supply and transportation, resulting in the illegal resale of raw materials and fuel at high prices and chaos.

Statistics have also indicated that THE GROWTH OF INVESTMENT IN FIXED ASSETS IS TOO HASTY.

From January to May, the country's investment in capital construction increased by 38 percent over the corresponding period of last year. The increases in unbudgeted self-raised investment and construction loans are relatively large and are bound to outgrow the state's planned scale and further aggravate the tension in the supply of materials and equipment and in communications and transportation.

AFTER THE RESTRICTIONS ON MEAT, AQUATIC PRODUCTS, AND VEGETABLES WERE WITHDRAWN IN SOME CITIES, THEIR PRICES WERE RAISED CONSIDERABLY FOR A TIME.

In addition, there were some people who illegally jacked up prices or even sold adulterated goods, causing dissatisfaction among consumers.

These phenomena made leading departments concerned rapidly realize that they must further strengthen macroeconomic control and administration and do a more meticulous and better job. Many economists also theoretically expounded and analyzed these phenomena from the viewpoint of a balance between general social demand and supply.

It should be predictable that some new problems might crop up under the excellent situation in which economic reform and economic development promote each other. However, in order to consolidate and develop the excellent situation and ensure the smooth progress of the economic reform, we must also conscientiously strengthen macroeconomic control and administration. We can not let some problems develop uncontrollably. In other words, we must not take a happy-go-lucky attitude. During the wage and price reforms of this year, we also have to put a certain amount of currency into circulation. ONLY BY STRENGTHENING MACROECONOMIC CONTROL AND ADMINISTRATION AND DOING A MORE METICULOUS AND BETTER JOB CAN WE ENSURE THE SMOOTH PROGRESS OF THE REFORM.

IN STRENGTHENING MACROECONOMIC CONTROL AND ADMINISTRATION, WE SHOULD FIRST BRING ECONOMIC GROWTH TO WITHIN A NORMAL DEVELOPMENTAL RATE, NAMELY, A RATE SUITABLE FOR BOTH THE SUPPLY OF ENERGY AND RAW MATERIALS AND FOR COMMUNICATIONS AND TRANSPORTATION.

Of course, this does not mean to indiscriminately lower the speed of industrial production. It means that regarding those manufactured goods for daily use that are urgently needed by the markets, in particular those high quality and name-brand productions, we should ensure their rapid development from every side. As regards the production of coal, electricity, and raw materials, we should promote their development by every way and means. As for some backward products that are kept in stock for a long time, we should resolutely reduce them. In an effort to prevent the prosperously developing township, town, and village industries from blindly rushing in one direction and incurring losses as a result, we should guide them adroitly according to circumstances.

IN STRENGTHENING MACROECONOMIC CONTROL AND ADMINISTRATION, WE SHOULD CONTROL THE SCALE OF CAPITAL CONSTRUCTION AS WELL AS THE GROWTH OF INVESTMENT IN FIXED ASSETS. WE MUST LET THE INCREASE IN INVESTMENT AMOUNT BE SUITED TO THE INCREASE IN THE PRODUCTION OF BUILDING MATERIALS AND NEW EQUIPMENT.

This does not mean to "indiscriminately" cut down investments. We should first guarantee the key national construction projects, and then the projects of energy resources, electricity, and communications and transportation, projects of science and technology and education, and projects of housing and the tertiary industry. We should suspend those projects that are obviously repetitions and those projects which obviously cannot have a guaranteed supply of raw materials. We should reduce some projects in places where the supplies of energy and electricity are extraordinarily tight, and delay the construction of some projects that have neither fully guaranteed investments nor equipment. As only by not doing something can we achieve anything, we can truly ensure that key projects are rapidly built only by suspending and delaying the building of some projects. Only by so doing can we effectively spur on the economic situation as a whole to develop better.

IN ORDER TO STRENGTHEN MACROECONOMIC CONTROL AND ADMINISTRATION, WE SHOULD STRENGTHEN THE CONTROL OVER CONSUMPTION FUNDS AND THE ADMINISTRATION OF WAGES AND BONUSES.

On no account should we repeat the mistake where many units in some localities did a rush job of excessively distributing bonuses in the fourth quarter, in particular in December of last year. The wage reform should be carried out in an orderly manner with strong leadership and careful planning. The reform scheme should be examined and approved. Distribution of bonuses should be in keeping with regulations, and those parts that should be taxed must be taxed strictly according to relevant regulations. In the wage reform, we must strengthen the ideological and political work to make the vast numbers of workers and staff members understand the relationship between the improvement of the standard of living and the development of production, the unanimity of interests among the three parties of the state, enterprises, and individuals, and the important significance of the correct handling of the relations among the three sides. The aim is to make the wage reform truly play a role of further mobilizing the enthusiasm of the vast numbers of workers and staff members for the socialist construction and promoting the development of production.

IN STRENGTHENING MACROECONOMIC CONTROL AND ADMINISTRATION, WE SHOULD ALSO CONTINUE TO STRENGTHEN THE CONTROL AND ADMINISTRATION OF BANK LOANS AND FOREIGN EXCHANGE EARNINGS AND EXPENSES.

After opening to the outside world and invigorating the domestic economy, bank loans and foreign exchange earnings and expenses will become more and more lively. This is an inexorable trend of the development of the socialist planned commodity economy. Therefore, with the economic reform developing in depth, and with the high-speed development of the national economy, strengthening the control and administration of bank loans and foreign exchange earnings and expenses is of utmost urgency. We still lack experience in this area. We should learn through practice to try to discover and summarize a more feasible set of methods.

Comrade Deng Xiaoping recently instructed "to have less empty talk and do more concrete things." Now that half of 1985 will soon be over, it is very necessary for us to earnestly analyze the situation, summarize our work, and make plans for work in the latter half of this year. As long as we get to know and solve well the problems in a down-to-earth manner, we can certainly strengthen macroeconomic control and develop the excellent situation to ensure the smooth progress of reform, make the "Sixth 5-Year Plan" be realized successfully and lay a good foundation for the development of the "Seventh 5-Year Plan." Let's greet the convention of the 13th CPC Central Committee with our deeds.

GONGREN RIBAO ON PENG DEHUI'S FIGHTING SPIRIT

HK180925 Beijing GONGREN RIBAO in Chinese 6 Jul 85 p 3

[Article by Liang Quiwen: "Another Spiritual Legacy Left Behind by General Peng Dehuai in Adverse Circumstances" -- capitalized passages published in boldface]

[Text] At the Lushan meeting held by the CPC Central Committee in 1959, Comrade Peng Dehuai was wrongly criticized and a wrong conclusion was drawn on his case. After that, in the anti-rightist opportunist struggle carried out in the party, Comrade Peng Dehuai was always the main target of attack whenever wrong criticism was made. Some of these wrong criticisms were the results of misunderstandings by some comrades, but some were the result of vicious slander by Chen Boda and Kang Sheng and their followers. As everyone knows, Comrade Peng Dehuai then faced a very difficult plight. He was deprived of the right to explain himself.

However, when we read the materials of the "special examination group," which were collected during the "Cultural Revolution" and have now been made public, and what was written by Comrade Peng Dehuai during his lifetime, we can see that even in adverse circumstances, he made special appeals and explanations for himself in all possible ways. In order to safeguard truth, he never stopped fighting and never changed his loyalty to the country and the people. He feared no danger and made vigorous efforts to turn the tide. His iron spirit and loyalty were strongly refelcted by the clear-cut and realistic counter-criticisms he made against two kinds of typical criticisms at that time. Like "Stories of Peng Dehuai Told by Himself," these two articles are true records of the iron spirit of a communist and a precious spiritual legacy left behind by Comrade Peng Dehuai. Particularly in the current party rectification and in implementing the ideological line of seeking truth from facts are they excellent educational materials which are hard to come by and are of great practical significance.

Facts Cannot Be Covered Up by False Appearances

While studying the resolution of the Eighth Plenary Session of the Eighth CPC Central Committee, some comrades of the State Statistics Bureau held a discussion on the question of overall balance and proportionate development of the national economy in 1958 and finally wrote a critical article entitled "Refute the Fallacy of 'Disproportion in the National Economy.'" This article used some one-sided and exaggerated figures and certain false representations to substitute for a scientific analysis. It arbitrarily concluded that "on the basis of the Great Leap Forward in production, the national income, the people's standard of living, and accumulation greatly increased in 1958." It also said that "in the most concentrated and basic proportions between production and consumption and between distribution and accumulation, the national economy is balanced rather than unbalanced." It emphasized that "the standard of living of the broad masses of peasants has been increased very quickly."

After reading this critical article, General Peng wrote the following comments in its margins:

THIS ARTICLE IS COMPLETELY WORTHLESS FOR REFERENCE EXCEPT FOR CONCEALING THE FACTS, CREATING FALSE APPEARANCES, AND CONTINUING TO EXPAND THE "LEFTIST" MISTAKES, BECAUSE IT DOES NOT CONFORM TO REALITY.

What then was the real situation at that time? General Peng persisted with his viewpoints expressed in a letter he wrote at Lushan and underscored by the first-hand materials he had obtained through investigations:

THE FACTS ARE: AFTER THE MOVEMENT TO ORGANIZE RURAL COMMUNES THROUGHOUT THE COUNTRY IN 1958, PUBLIC MESS HALLS WERE ESTABLISHED IN OCTOBER AND NOVEMBER. DURING THESE 2 MONTHS, WHAT THE PEASANTS ATE IMPROVED A LITTLE BIT. THEN THE QUALITY OF FOOD BEGAN TO DECLINE IN DECEMBER. BY THE END OF FEBRUARY AND MARCH 1959, THE PEASANTS HAD NO OIL OR SUFFICIENT GRAIN TO EAT, NOT TO MENTION NO MEAT, EGGS, OR OTHER NONSTAPLE FOODS. THEIR STANDARD OF LIVING BEGAN TO DECLINE. BEGINNING IN DECEMBER 1958 AND JANUARY 1959, THE PEASANTS' ENTHUSIASM IN PRODUCTION ALSO BEGAN TO DECLINE. IN SOME PLACES THIS WAS VERY SERIOUS. THE NUMBER OF LIVESTOCK AND POULTRY DROPPED DRASTICALLY. ONLY IN A VERY FEW PLACES DID THE SITUATION REMAIN NORMAL.

General Peng's appraisal of the situation was based completely on a thorough investigation and concrete and essential analysis of reality rather than on bureaucratism and subjectivism or simple and abstract conclusions based on false figures reported by lower authorities. Since the statistics departments, which were duty-bound to tell the truth, had made false reports and lacked a sense of responsibility in work, General Peng felt very angry and said:

WHY SHOULD THE COMRADES IN THE STATISTICS BUREAU NOT GO DEEP INTO REALITY AND CARRY OUT INVESTIGATIONS BEFORE THEY DRAW CONCLUSIONS?

Obviously, General Peng bitterly detested false reports on the situation, but in writing he tried his best to restrain himself. However, on an important question which had been intentionally evaded in the article, he could not but severely point out: THE PROCUREMENT OF GRAIN REACHED 113.7 BILLION JIN A YEAR. THIS FIGURE IS OBVIOUSLY EXAGGERATED. THEREFORE, THE FIGURE FOR GRAIN BOUGHT BACK FROM THE STATE WAS ALSO HIGHER THAN ALL PREVIOUS YEARS. HOWEVER, NOT A WORD WAS MENTIONED IN THIS RESPECT.

We should say that the comrades in the statistics bureau did not mean to deliberately attack Comrade Peng Dehuai. In the political field, the wrong criticisms in this article might have resulted from certain remarks against their will or misunderstandings out of goodwill. General Peng did not care about this. He only made criticisms on and refuted the question of whether it is necessary to seek truth from facts in appraising the situation, since he had principled differences. This shows that in solving internal problems concerning thought and understanding, General Peng always took a serious and sincere attitude, displaying the fine qualities of the older generation of revolutionaries.

As to the article written by Chen Boda on 24 October 1959, entitled "Bourgeois World Outlook or Proletarian World Outlook," this is another form of criticism. At the very beginning of this article Comrade Peng Dehuai was described as a "saboteur." Chen Boda raised a provocative question: "When the people throughout the country were hailing the great victory of the socialist cause, why should he take command and flaunt the banner to oppose the party's general line, the Great Leap Forward, and the people's communes? Why should he organize an anti-party clique and attempt to split the party?"

Now when we read the original material gathered by the "special examination group" on 21 October 1968, "The Peng Dehuai Case, No 3381" we can see that General Peng sharply denounced this criticism which had ulterior motives:

ALL PEOPLE ARE HAILING THE GREAT VICTORY, BUT YOU DO NOT SEE OR ARE NOT WILLING TO SEE THAT "LEFTIST" THINGS ARE ACTING AS SABOTAGE.

This shows that he shared the joy of victory with the people and points out at the same time that on the question of who was actually sabotaging the socialist construction, he held an entirely different view from Chen Boda and his followers. Peng went on:

I HAVE NEVER "ORGANIZED AN ANTI-PARTY CLIQUE," BUT MY VIEWS ON CERTAIN QUESTIONS COINCIDE WITH THOSE OF SOME PEOPLE.

To counter the slander from Chen Boda, he did not conceal his principled stand, nor did he quibble over side issues. He did not conceal his views different from Chen Boda and followers on some questions, showing that he was open and full of confidence.

Who on Earth Has Been Made Dizzy

Chen Boda scolded in his article: "The desire to restore capitalism and the wicked ambition of bourgeois individualism have made them dizzy."

General Peng flatly pointed out:

IT IS THE "LEFTIST" OPPORTUNISTS WHO "HAVE BEEN MADE DIZZY," RATHER THAN THE SO-CALLED RIGHTIST OPPORTUNISTS.

Although at that time, Comrade Peng Dehuai was labelled a right opportunist and was in a very difficult position, he was not overcome with fear and never begged for mercy.

On the contrary, with a determination to clarify right and wrong and to seek truth, and with a high sense of responsibility toward the party and the people, he went on fighting, ready to die on his feet rather than to live on his knees, and never yielded on questions of principle. He continued:

THE "LEFTIST" OPPORTUNISTS HAVE FAILED TO SEE THAT THE PROMINENT CONTRADICTION IN CHINA'S SOCIALIST CONSTRUCTION AT PRESENT IS THE SERIOUS DISPROPORTION IN THE NATIONAL ECONOMY, WHICH HAS BROUGHT ABOUT TENSE CLASS RELATIONS.

It seems that General Peng had not fully expressed his ideas by writing the above comments in the top margin of the article. Therefore, in the lower margin he continued to point out the serious consequences of the article:

IT WILL SABOTAGE THE GENERAL LINE, THE GREAT LEAP FORWARD, AND THE PEOPLE'S COMMUNES AND WILL RESULT IN THE SADDLE-SHAPED DEVELOPMENT OF SOCIALIST CONSTRUCTION. IT WILL CAUSE THOUSANDS UPON THOUSANDS OF PEOPLE TO GO HUNGRY OR EVEN CAUSE SOME PEOPLE TO DIE OF STARVATION!

This was the kind of apprehension and worry that Comrade Peng Dehuai had, based on his observations, analyses, and predictions. However, he was proven correct by practice some years later. History shows that it was not Peng (Dehuai), Huang (Kecheng), Zhang (Wentian), and Zhou (Xiaozhou) and other so-called rightist opportunists who had been "made dizzy," but Chen Boda, Kang Sheng, and some other political speculators who pretended to be "revolutionaries." It was the latter who caused thousands upon thousands of people to go hungry and some to die of starvation. What a striking contrast between the conscientious observations, cool considerations, objective analyses, and correct predictions of General Peng and his loyalty to his country and people compared to the disgusting conduct of Chen Boda and Kang Sheng, who cursed history, disregarded human life, and distorted truth.

In his article, Chen Boda also seized upon Comrade Peng Dehuai's past mistakes, saying that during the war of resistance against Japan, Comrade Peng Dehuai's four articles, including his speech "On the Three Central Tasks for Anti-Japanese Bases Behind Enemy Lines," had "already revealed similar bourgeois viewpoints." He tried to prove that Comrade Peng Dehuai's bourgeois viewpoints had a profound root in history, so as to take a further step in the persecution.

As to these attacks, General Peng wrote the following comments:

THERE ARE MISTAKES IN THE "FOUR ARTICLES." HOWEVER, I ALREADY MADE SOME SELF-CRITICISMS AT THE NORTH CHINA WORK FORUM IN 1945. NOW NEARLY 20 YEARS HAVE PASSED, AND AFTER CHAIRMAN MAO WROTE ME A LETTER, THE CONTENTS OF THE FOUR ARTICLES HAVE NOT BEEN MENTIONED AGAIN. AT PRESENT THE MAIN MISTAKE IS THE "LEFTIST DEVIATION." WHEN THE METHODS TO CORRECT THIS MISTAKE AND OTHER CORRECT IDEAS ARE PUT FORWARD, THEY ARE IMMEDIATELY REFUTED BY SEIZING ON PAST MISTAKES. IS THIS A REALISTIC ATTITUDE? HOW DANGEROUS IT WILL BE IF WE DO NOT OR WILL NOT UNDERSTAND THE PERNICIOUSNESS OF THE "LEFTIST DEVIATION!" THE PARTY'S CAUSE WILL BE SERIOUSLY ENDANGERED IF OUR COMRADES ARE DIVORCED FROM REALITY!

From this we can see that General Peng had made a concrete analysis of the situation. He admitted that there were mistakes in his four articles published before, reflecting his spirit of carrying out serious self-criticism. In the meantime, he exposed in unequivocal terms the attempts and tricks of Chen Boda who tried to halt correct ideas by means of seizing upon past mistakes. Peng justly and forcefully refuted him, showing Peng's clear-cut and principled stand. General Peng was then in an adverse situation and could not easily have defended himself.

However, he gave no thought to his personal safety and resolutely refuted Chen Boda, Kang Sheng, and their followers, who did not seek truth from facts and who were divorced from reality and made one mistake after another, thus jeopardizing the party's cause. This shows that on important questions concerning the future and destiny of the party and state, General Peng always took a serious attitude and adhered to his principled stand. He loved the party and the people and had a high sense of responsibility toward them. Moreover, this counter criticism is also an example of seeking truth from facts, reflecting the lofty party spirit and principled stand of the communists.

Should Party and Government Be Separated From Each Other?

Chen Boda also found fault with a speech delivered by Comrade Peng Dehuai in 1941, saying that even in that speech Comrade Peng Dehuai advocated a "separation between party and government administration." He thus concluded that "it was opposition against the joint dictatorship of several revolutionary classes under the leadership of the proletariat in the stage of the democratic revolution and against the proletarian dictatorship in the stage of socialist revolution and construction."

General Peng made a calm analysis and wrote the following comments in both the top and bottom margins of Chen Boda's article as well as in spaces between various lines: "ALL CLASSES, INCLUDING THE PROLETARIAT, ARE EXERCISING DICTATORSHIP THROUGH THEIR OWN POLITICAL PARTIES AND LEADERS." THIS IS RIGHT. IT MEANS THAT THE COMMUNIST PARTY IS THE VANGUARD OF THE PROLETARIAT, AND IT LEADS ITS OWN CLASS AND THE BROAD MASSES OF PEOPLE TO CARRY OUT THE PEOPLE'S DEMOCRATIC DICTATORSHIP AND TO FINALLY ABOLISH ALL CLASSES THROUGH THE DICTATORSHIP. HOWEVER, PARTY LEADERSHIP DOES NOT MEAN BY DIRECT MEANS OF DICTATORSHIP. THIS IS ALSO CLEAR AND CORRECT. IF IT MEANT REPLACEMENT, THAT WOULD MEAN THAT THE PARTY WOULD DIRECTLY TAKE ON ALL THE ADMINISTRATIVE AFFAIRS OF THE STATE. THUS, THE PARTY'S LEADERSHIP AND SUPERVISORY ROLE WOULD NATURALLY DECLINE, AND ITS ROLE OF THE VANGUARD IN FIGHTING ALL KINDS OF IDEALISM WOULD ALSO DISAPPEAR. THE CONFUSED IDEA CHARACTERIZED BY MAKING NO DISTINCTION BETWEEN PARTY AND GOVERNMENT ADMINISTRATION WILL RESULT IN THE DECLINE OF THE LEADING ROLE OF THE COMMUNIST PARTY AND THE ROLE OF SUPERVISION ON THE PARTY PLAYED BY THE PROLETARIAT AND THE MASSES OF PEOPLE. THE AFORESAID WAS A WRONG EXPLANATION ON A CORRECT PREMISE.

General Peng first quoted a sentence from Chen Boda's article. Since it was a Marxist proposition, he fully affirmed it. Then he expounded his own views by presenting the facts and by logic. The last sentence was directed against the confused ideas of Chen Boda, such as "substituting party for government administration," pointing out that he had made "a wrong explanation on a correct premise." We can see that General Peng was entirely logical and reasonable. His scientific and dialectical analysis and his attitude of seeking truth from facts and reasoning things out also formed a striking contrast to the vicious conduct of Chen Boda and Kang Sheng, who preferred wielding big sticks, putting political labels on people, and bullying people with their power.

Who Is the Hero? Who Is the Chief Culprit?

Besides slinging mud at Comrade Peng Dehuai, Chen Boda also wrote off his immortal historical contributions with one stroke, saying that he was "a 'hero' yesterday but a chief culprit today." In this way, Chen Boda turned his "authoritative" theoretical criticism into arbitrary "political sentencing."

In the face of Chen Boda's murderous "sentence," General Peng gave a brief and eloquent answer:

I WAS NEVER A "HERO," BUT I WAS NOT NECESSARILY A "CHIEF CULPRIT."

Who is right and who is wrong? This should be examined through practice. The deeds and misdeeds of past centuries should be appraised and judged by later generations. It was with this thorough materialist attitude and dauntless revolutionary spirit that General Peng denounced the slander of Chen Boda, showing his honesty and firm faith in the party and the communist cause. Just as Marx said: "History itself is the judge, and the proletariat is the executor." Now history has solemnly announced: Comrade Peng Dehuai, who was wrongly pronounced the chief culprit of the anti-party clique at Lushan, was actually a revolutionary hero, a national hero, and the backbone of our country and party. The wrong case has been redressed to comfort the dead, and Chen Boda, the "hero" at that time, has been proved to be an out-and-out political swindler, a careerist who usurped the party, and the chief culprit of the counterrevolutionary clique. He has finally been taken to the defendant's seat of the special court and received a deserved sentence. He has become an offender condemned through the ages. History has taken an unexpected turn by having General Peng's severe criticism against Chen Boda, the "critic," under the special circumstances 21 years ago become a supplement to the people's solemn sentence of the culprit Chen Boda in today's special court. The people have not forgotten their duty to appraise the deeds and misdeeds of history. They have reversed the reversal of history and made a clear distinction between the hero and the chief culprit. History should be written by the people. The trend of history is irresistible!

DENG LIQUN, SONG RENQIONG ATTEND OPERA 16 JUL

OW161419 Beijing XINHUA Domestic Service in Chinese 1234 GMT 16 Jul 85

[Excerpts] Beijing, 16 Jul (XINHUA) -- The Jiangsu Provincial Kun Opera Theater recently performed two famous traditional operas, "Peony Kiosk" and "Zhu Maichen Divorces His Wife," at Huairan Hall in Zhongnanhai and received warm response from the audience. Leading comrades Song Renqiong, Deng Liqun, Wang Shoudao, and Peng Chong watched the performance and had pictures taken with the performers.

The Kun Opera Theater recently returned to Beijing after successful performance in West Berlin and the world cultural festival in Italy in mid-June. The Jiangsu Provincial Kun Opera Theater performed for the audience in the capital on 14 and 15 June. It also staged a charity performance for the China Opera Welfare Fund.

FANG YI MEETS OUTSTANDING MIDDLE SCHOOL STUDENTS

OW181353 Beijing XINHUA Domestic Service in Chinese 1520 GMT 16 Jul 85

[By reporter Zhang Jimin]

[Excerpts] Beijing, 16 Jul (XINHUA) -- Fang Yi, member of the Political Bureau of the CPC Central Committee and state councillor of the State Council, today received three middle school students who had won prizes in an international exhibition of inventions and an international mathematics competition. He encouraged the students to guard against arrogance and rashness, lay a good foundation while they are still young, and make contributions to the scientific development of the motherland like Hua Luogeng.

Fang Yi listened with interest to reports by the three middle school students. He said: Small inventions are very important. In order to promote scientific development in the world, we should have not only big inventions but also small inventions.

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Major inventions should not stop one from making minor inventions. In our life, there are many things which can be improved. We should encourage young people and children to think more and cultivate their interest in science and their love for science. Only in this way can our country's scientific work prosper and develop.

ALL-CHINA TRADE UNION FEDERATION MEETING ENDS

SK171250 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 14 Jul 85

[Text] The 6th Enlarged Presidium Meeting of the 10th All-China Federation of Trade Unions ended in Shenyang today.

The meeting pointed out: The current reform of the economic structure has opened new prospects for creating a new situation in the work of the trade unions. The trade union organizations at all levels should grasp the opportune time to deepen the democratic management campaign of enterprises. This meeting comprehensively and conscientiously studied ways to exercise functions and powers in the workers congress, clarify the major points of work, and bring the relations between the trade unions and the workers congress into better balance.

During the meeting, 12 units introduced their experiences in strengthening democratic management in the course of reforming the structures of enterprises. Comrades attending the meeting held that strengthening democratic management is an important component of reforming the leadership system of enterprises. The trade unions at all levels should consider it as a major point of their work. In the course of carrying out democratic management among enterprises, we should focus our work on improving enterprise operation and management, promoting technical progress, and raising economic results, and further improve the democratic management and organizational systems of enterprises and the working system so that democratic management will become a system, a network, and a regular practice.

Luo Gan, vice president of the All-China Federation of Trade Unions and secretary of the Secretariat of the All-China Federation of Trade Unions, gave a summation speech in the afternoon. Sun Weiben, deputy secretary of the Liaoning Provincial CPC Committee attended the meeting and delivered a speech.

QIAO SHI, OTHERS MEET LEGAL COUNSELING GRADUATES

OW190552 Beijing XINHUA Domestic Service in Chinese 1429 GMT 18 Jul 85

[Text] Beijing, 18 Jul (XINHUA) -- Qiao Shi, alternate member of the CPC Central Committee Secretariat; Peng Chong, vice chairman of the NPC Standing Committee; and Yang Yichen, procurator general of the Supreme People's Procuratorate, met with more than 400 students from the country's first training class for enterprise legal consultants at the Great Hall of the People this morning.

The graduate school under the Chinese Academy of Social Sciences, entrusted by the Ministry of Justice, ran this training class, which opened in March this year. Students in the class have just completed their courses. During the class, the students from enterprises and institutes under the State Council's 21 ministries and commissions studied more than 10 courses, including the Constitution, economic law, civil law, and private international law.

Present at today's meeting were Zou Yu, minister of justice; Ling Yun, minister of state security; Lin Zhun, vice president of the Supreme People's Court; Sheng Shujen, Vice minister in charge of the State Economic Commission; and Gu Linfang [7357 2651 2499], She Mengxiao [0152 1322 1321], and Xu Kongrang [6079 1313 6245], deputy secretaries general of the Political and Legal Commission of the CPC Central Committee.

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HK180915 Beijing RENMIN RIBAO in Chinese 14 Jul 85 p 7

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GUANGDONG CONGRESS COMMITTEE ON EDUCATION REFORM

HK180851 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 17 Jul 85

[Text] The Fourth Session of the Sixth Guangdong Provincial People's Congress will be held in Guangzhou in late August. This was decided at the 14th meeting of the 6th provincial People's Congress Standing Committee, which was held this morning, in view of the needs of the current work.

At this morning's meeting, the participants listened to a report by provincial Vice Governor Wang Pingshan on relaying the spirit of the national educational work conference and the tentative ideas of the province on implementing the decision of the CPC Central Committee on reform of the education system; listened to explanations given by (Li Chao), chairman of the Education, Science, and Culture Committee under the provincial People's Congress Standing Committee, on altering the draft regulations on making junior compulsory education universal in Guangdong Province to regulations on making 9-year compulsory education universal in Guangdong Province.

In his report provincial Vice Governor Wang Pingshan raised some tentative ideas on some specific problems in the reform of the education system in the province. He raised the idea that the 9-year compulsory education should be realized gradually in 3 different areas. All large and medium-sized cities, Shenzhen and Zhuhai Special Economic Zones, and the 40-odd counties and cities in the province that are relatively developed economically should strive to achieve the target of making the 9-year compulsory education universal by 1987. Some 50 counties that are economically in the middle level should strive to achieve the target by 1990. All other counties that are relatively backward economically and culturally should strive to achieve the target by 1992.

On readjusting the structure of secondary education and vigorously developing vocational education, the vice governor believes that this is the weakest part of the province's educational cause. In the next 5 years, the province should develop rapidly in this field and strive to achieve by 1990 the target of having the number of students of various secondary vocational and technical schools exceed that of general senior middle schools by a 6 to 4 ratio.

The province should also develop higher education rapidly and strive to achieve the target of having 150,000 students in colleges and universities, thereby reaching the national average, by 1990.

CHINA DAILY REPORTS ON PROFITEERING IN GUANGZHOU

HK190223 Beijing CHINA DAILY in English 19 Jul 85 p 4

[Text] Prices have been rising sharply in Guangzhou's restaurants and service trades since late last year, causing complaints from both local consumers and out-of-town visitors in the south China city, according to the national newspaper MARKET. The lack of a well co-ordinated programme during the city's recent price adjustment was to blame, the newspaper said in a commentary.

In light of these outrageous profits, Guangzhou has fixed maximum profits on each product or service and has begun checking the market. Those who break the law will be fined. This should remedy the situation. At the beginning of the price adjustments, restaurants were allowed gross profit of 37 per cent instead of the previous 24 per cent, under a ruling by the Price Bureau. But now profits have far surpassed the mark, the newspaper said.

A small restaurant in Guangzhou's Yuexiu District registered a 40 per cent profit during the first quarter of 1985. Some restaurants around the city's railway station make up to 68 per cent profit, the newspaper said. People like popular low-priced dishes, but many small eating houses don't sell them, because profit margins are low.

Now even barbers have raised their prices. The price of getting a hair cut has risen by 1225 per cent. Overseas Chinese are charged 30 yuan for the service in someplaces.

Prices are changing generally because the prices of raw materials have been adjusted. The principle is to charge higher prices for goods that cost more to produce or to acquire, and the converse also should be true. Competition is good. But now some merchants are competing for high profits at the expense of consumers. Sixty-eight per cent profit is gross. These merchants buy low, but sell unreasonably high. They often say openly that those who don't make high profits in this way are fools?

This attitude reflects a widespread and dangerous moral position -- "to make money means everything."

INTELLECTUALS SWELL PARTY RANKS IN HENAN

HK190316 Zhengzhou Henan Provincial Service in Mandarin 1230 GMT 17 Jul 85

[Text] In the first half of this year, 21,598 outstanding intellectuals in our province had the honor of being admitted into the party. They accounted for 43.6 percent of the total number of people who were admitted into the party.

The main reason for such good achievements in admitting intellectuals into the party in our province this year was that guiding ideology was defined, leaders attached importance to this work, and an early start was made.

In January this year, the Organization Department of the provincial CPC Committee held a meeting to seriously convey and implement the spirit of the forum on recruiting party members from among intellectuals that had been held by the central authorities. At the meeting, Zhao Di, deputy secretary of the provincial CPC Committee, made specific arrangements for recruiting party members throughout the province. After the meeting, based on the realities in their own places and units, all places worked out measures, strengthened leadership, and vigorously pushed this work forward. Party organizations at all levels ran short-term training courses, gave party lectures, organized self-study groups, divided labor with special persons assuming responsibility, and used other methods so that intellectuals who applied for party membership could receive a systematic education in elementary party knowledge.

With a view to guaranteeing the quality of new party members and in accordance with the requirements of the provincial CPC Committee, all places have strengthened supervision and inspection of, and guidance to, the recruitment of party members. In May, the Nanyang Prefectural CPC Committee organized 336 people from organs at the prefectural level and from all counties into 84 combined investigation groups, which went deep into all counties and went to 232 party branches where intellectuals were concentrated, to conduct investigation and to give guidance so that emphasis was placed on recruiting party members throughout the prefecture. Quality was improved.

HUBEI TRIES OUT NEW OFFICIAL SELECTION SYSTEM

OW180923 Beijing XINHUA in English 0642 GMT 18 Jul 85

[Text] Wuhan, July 18 (XINHUA) -- Some 12,700 peasant youths have been chosen as township officials under a new selection system inaugurated in Hubei Province. They have been given a probationary period of one year under contract, and still may be dismissed from office even after the probationary period expires, any time they perform poorly at their jobs.

The new system, phased in over the past two years, is an effort to do away with the usual practise that officials hold their posts for life once they have been appointed by higher authorities.

The appointees, 97 percent of them under the age of 25, have been sifted by an examination and an appraisal of their practical capability. They are mainly educated youths, retired soldiers and people with experience in village administrative affairs.

The new system is in line with the country's policy of promoting younger, more educated, and more competent people as officials at all levels.

HUNAN GOVERNOR URGES 'EMANCIPATION OF MIND'

HK180943 Changsha Hunan Provincial Service in Mandarin 2300 GMT 16 Jul 85

[Text] On the morning of 15 July, at the plenary meeting of the provincial government, Governor Xiong Qingquan proposed that government departments at all levels should emancipate the mind more, carry out reform more boldly, unite more closely, and work in a more down-to-earth manner.

Governor Xiong Qingquan said: The emancipation of the mind was what Comrade Deng Xiaoping put forward at the 3d Plenary Session of the 11th CPC Central Committee as an important political issue. When we are carrying out reform, we shall constantly encounter new situations and new problems. If we do not emancipate the mind and do not use our brains, we cannot basically carry out reform. Previously the provincial CPC Committee took many measures to eliminate the left and destroy the old but the problems were not completely solved.

1. The vestiges of leftist ideology still affect us. In particular, we still lack sufficient understanding of various economic malpractices that were formed under the influence of leftist ideology and that fetter the development of productive forces.

2. The force of habit of small-scale production still affects us. We tend to stick to old ways, be complacent and conservative, be content with things as they are, and make no progress.

3. We are not sensitive to new things and lack the spirit of daring to think and bring forth new ideas.

In fact, all the above have affected the further emancipation of our minds and must be seriously resolved.

Governor Xiong Qingquan said: It is imperative to carry out reform. There is no way out without reform. However, when we carry out reform, we shall surely encounter many obstacles. We must not retract and dare not to carry out reform on hearing criticism. Reform includes two aspects -- microscopically relaxing and enlivening and macroscopically controlling firmly and well. How to ingeniously combine these two is a skill. We must learn how to solve this problem. Generally speaking, regarding reform in microscopically relaxing and enlivening, we must be slightly bold. We must be slightly bolder in reform that is beneficial to the prosperity of the country, the richness of the people, and the development of productive forces. We must be slightly bolder in reform that has been expressly stipulated by the central authorities and that is urgently needed by the masses.

Governor Xiong Qingquan said: Strengthening the unity of a leadership group and strengthening the unity between the leaders and followers is a basic guarantee for us to successfully embark on the four modernizations. All of our comrades, particularly leading comrades, must stress party spirit, the overall situation, and unity. All good comrades who persist in attaching importance to unity, the overall situation, and the party's interests must be commended, supported, and put in important positions. All comrades who do not stress party spirit, the overall situation, and unity must be criticized and educated. Disciplinary action must be taken against those who refuse to mend their ways despite repeated admonition.

In conclusion, Governor Xiong Qingquan emphatically pointed out: Government organs at all levels must improve their leadership style, raise their efficiency, and work hard in five aspects:

1. It is necessary to reduce the number of meetings and documents and to spend more time on investigation, study, and solution of practical problems at basic levels.
2. We must have an overall plan for the main work during a certain period of time and must do this work one by one.
3. We must have a clear system of the division of labor with individual responsibility.
4. People must be assigned responsibility for important tasks or construction projects. Both responsibility and power must be given to them.
5. It is essential to streamline administration, delegate power, and to give full play to the role of the functional departments.

GUIZHOU MEETING REVIEWS ECONOMIC PERFORMANCE

HK190224 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 16 Jul 85

[Text] From 10 to 14 July in Guiyang, the provincial CPC Committee and the provincial people's government held a meeting of prefectural, autonomous prefectural, and city CPC committee secretaries; commissioners; autonomous prefectural heads; and mayors, demanding that proceeding from reality, all places continue to push forward urban and rural economic reform, promote the development of economic construction, and consolidate and develop the excellent situation in our province.

The meeting held: After the efforts of the cadres and the masses throughout the province, a good situation in the economic development in the whole province was maintained in the first half of this year. In the first half of this year, industrial production steadily increased and good results were achieved. Capital construction, revenue, purchases and sales in commerce increased by two digits. In agricultural production, due to the relatively serious disaster situation, [words indistinct] and rapeseed production was less than last year but the production of industrial crops increased relatively greatly. Livestock production further increased. The afforestation tasks were completed well.

The meeting stressed: Over the past 3 years, the economic development in our province has been faster and a double-digit increase has been recorded, thus ensuring that three aspects of work have been taken into account. However, due to the fact that the base of the economic development in our province is low and its foundation is poor, the average increase each year is not large. To catch up with the economically developed areas, it is necessary to make still greater efforts. Therefore, based on raising economic results, it is essential to speed up the economic development in our province as fast as possible. Proceeding from realities, all places throughout the province must seek truth from facts. Where objective conditions permit, we must speed up as far as possible so as to gradually change our province's backward economic outlook.

The meeting demanded: All places must continue to arouse the enthusiasm of the cadres and the masses and to maintain and develop the good situation in the economic development in the first half of this year. In industrial production, it is imperative to make efforts to overcome all existing difficulties and to guarantee the overfulfillment of state quotas. In agricultural production, it is necessary to stress combating disasters, strive for a bumper harvest, strengthen field management, cultivate more late fall crops, vigorously develop industrial and sideline production, continue to carry out the plans for getting rich through a 100 yuan increase, and completely fulfill the quotas for agricultural production for this year so that peasants' economic income can increase relatively greatly. In economic and technological cooperation with foreign countries, it is essential to import capital and technology, absorb qualified personnel, complete a number of projects, and create a new situation in the work of opening to the outside world.

SURVEY SHOWS SICHUAN SUPPORTS ONE-CHILD POLICY

OW181817 Beijing XINHUA in English 1642 GMT 18 Jul 85

[Text] Chengdu, July 18 (XINHUA) -- A survey shows that 75.8 percent of peasants support and carry out the current one-child-family policy in Pixian County, Sichuan Province, today's HEALTH NEWS reported. Population growth in Sichuan, China's most populous province, has fallen to 3.7 per thousand from 31.21 per thousand in 1970.

The proven fact that a happy life depends on both correct policy and small family size has shaken concepts such as "more children, more blessings" among peasants, according to the paper.

In an interview with the paper, Peng Lianzhu, a carpenter in Qilixiang Village, said, "we are well-off as we have only one child. If we had more, life would not be so easy." The family of three has built a four-room house, purchased an electric fan, a T.V. set and other durable goods. The three-member family often goes to cinemas.

"Troops are valued for quality rather than numbers, so are children," said Yang Dekang, an ex-serviceman in Longfu Village. Yang is engaged in fishing and his wife is working in a minority area. The family, earning more than 2,000 yuan a year, can afford to hire a housekeeper if they have second child.

Talking about disadvantages of more children, Jiang Yiqing in Xinmin Village said that his parents had five children and were heavily burdened all their lives. In his elder brother's family, only one of the three children had finished junior middle schooling.

"More children mean heavier burdens rather than more blessings," the peasant said.

Liu Dechun, secretary of the Communist Party branch in Xinmin Village, told the reporter that the average income in his village was 80 yuan less than the neighbouring ones though it has similar production scales and total output value. The major reason is that 18 of the 24 families each have more than three children.

"I am willing to take the lead in family planning so as to help the villagers get rich quicker," Liu said.

YUNNAN ISSUES REGULATIONS ON GRADUATE PLACEMENT

HK190244 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 17 Jul 85

[Text] According to YUNNAN RIBAO, the province has formulated nine regulations on assigning jobs to graduates of institutes of higher learning. They are:

1. In principle, graduates of the province's colleges and universities who come from the first and second class outlying districts should return to the same prefecture or autonomous prefecture from where they were recruited, unless their expertise is inapplicable to the local use, they have been recruited as postgraduate students, or are outstanding graduates who will teach in institutes of higher learning.
2. In general, when assessing, selecting, and assigning jobs to graduates, the colleges and universities, as well as units and departments in Kunming District, should not select those who come from the first and second class outlying districts.
3. All university and polytechnical school graduates who are assigned jobs in the province's first and second class outlying districts should receive wages, including the floating wage, and other remunerations in connection with the local regulations until new regulations are promulgated.

4. Graduates recommended by their schools as outstanding ones based on the relevant criteria laid down by the Ministry of Education, the State Planning Commission, and the State Personnel Bureau are allowed to choose to work in the units that fit in with their specialities, within the framework of the graduate appointment plan. But the number of these graduates should be limited to 3 percent of the total number of graduates.

5. Starting from the day on which university graduates are assigned jobs, any graduate who disobeys the assignment and refuses to report to his post within 3 months will be disqualified for the assignment. The graduate concerned should pay his school 10 to 20 percent of the cost of his education as compensation. If the graduate is hired within the next 5 years, the unit that employs him should pay his school double the cost of his education as compensation.

6. The schools should return to their home districts the residence registration of students who have completed a course without passing the examination, are rejected by units that are in need of personnel, or refuse to report to their posts. The wages and remunerations of these students are one step lower than those graduates who possess the same qualification.

7. Graduates are encouraged to work for collective units at and below the county level, as well as town and township enterprises. Their length of service may be accumulated. Units that employ them should first sign contracts with the schools or the graduates themselves. In addition, the units should pay the schools part of the cost of education as compensation. The graduates are allowed to change their jobs upon expiration of their contract.

8. We must strictly control the number of graduates who want to leave the province. Any graduate who wants to leave the province must ask for approval from the department of education.

9. Graduates who come from Kunming District, and who are assigned jobs by the colleges and universities, or volunteer to work, in the first and second class outlying districts are allowed to transfer their residence registration to the place where their parents live, instead of transferring to the locations of their employers. They are allowed to change jobs upon the expiration of the time limit and after they have worked for the units for 5 years.

BU HE SPEAKS ON NEI MONGOL ECONOMIC REFORM

SK190054 Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 17 Jul 85

[Excerpts] In his speech to the regional commendation meeting on urban economic reform on the morning of 17 July, Bu He, deputy secretary of the regional CPC Committee and chairman of the regional government, stressed that we should attend to the current historic opportunity, muster our courage, firmly attend to implementing the urban economic reform, persist in and promote reforms, and rapidly develop our region's economic construction.

Comrade Bu He said: In the past year, the people of all nationalities across the region conscientiously studied and implemented the CPC Central Committee's decision on the reform of the economic structure; timely promoted the reform of the economic structure with the focus on the urban areas, handled affairs that they failed to handle in the past, and made great progress in many fields. A good situation has emerged in which the national economy is experiencing sustained, steady, and coordinated development and runs in a benign cycle.

One of the major characteristics of our region's urban economic restructuring is that our region has comprehensively carried out the economic contract responsibility system and regarded enlivening the enterprises as a central link in gradually turning the reform in one field into overall reform. We have placed the reform and the construction of small cities and towns on the agenda as main items, and new progress has been made in this regard. Through carrying out work in various sectors of the economy and various forms of operations, we have promoted economic development at different levels.

Comrade Bu He said: Our region has ceaselessly made progress in the urban economic reform in the course of experimentation and exploration, and has accumulated some experiences. Principal experiences are as follows: First, carrying out and ceaselessly perfecting the production contract responsibility system is an effective measure for arousing the enthusiasm of staff and workers and improving economic results. Second, streamlining administrative procedures, delegating power to lower levels, and separating government functions from business management is a premise for enhancing the vitality of the enterprises. Third, in accordance with our region's actual conditions, achievements have been made in the reform and the construction of small cities and towns. Fourth, in order to explore new ways of reforming the economic structure, we must have a group of trailblazers in reforms.

Comrade Bu He stressed: The economic restructuring is an overriding, arduous task. Leaders at all levels must solidly promote the reform and continue to capture new successes.

Comrade Bu He called for attending to the following few tasks in a concentrated manner in the latter half of this year:

First, we should continue to attend to the central link of enlivening enterprises. First of all, we should enliven state enterprises and, in particular, large and medium-sized enterprises.

Second, we should bring about the reform and construction of small cities and towns, and fully bring into play the role of small cities and towns as an economic link.

Third, we should attend to the reform of the management system among departments and achieve control over the macroeconomy. Our country's economy is a planned commodity economy. We should handle affairs in line with the law of value. While relaxing the policy restrictions and enlivening the economy, we should pay special attention to strengthening modernized management and control over the macroeconomy.

Comrade Bu He stressed, in conclusion, that we should resolutely support and protect reforms. He said: Comrade Deng Xiaoping pointed out that reform is China's second revolution and an overriding, arduous task. We must unswervingly and unshakably conduct reform. We should strengthen the ideological and political work among the enterprises; conduct education on party spirit, party style, and party discipline, with a focus on having ideals and a sense of discipline; conduct education on understanding the current situation and taking the overall situation into consideration among the staff and workers; achieve both material and spiritual civilizations; and ensure a ceaseless, deep, and sound development of the economic restructuring.

NAMELIST OF NEW TIANJIN STANDING COMMITTEE

SK171132 Tianjin TIANJIN RIBAO in Chinese 16 Jun 85 p 1

[Text] The 20th Standing Committee of the 10th municipal People's Congress adopted a namelist on appointments and removals of personnel,

The meeting appointed Zhang Zhaoruo [1728 2507 5387] director of the Tianjin Municipal Commission of Foreign Economic Relations and Trade and of the Foreign Affairs Office of the Tianjin Municipal People's Government; Wang Yunxiang [3769 0061 4382] a member of the Education, Science, Culture, and Public Health Committee of the Tianjin Municipal People's Congress Standing Committee; and Wang Xiangtian [3769 4382 3944] a member of the Judiciary Committee of the Tianjin Municipal Higher People's Court.

It dismissed Hou Yigang [0186 3015 0474] from the post of chairman of the Tianjin Municipal Commission of Foreign Economic Relations and Trade; Xin Shulin [0207 2579 7792] from the post of chairman of the Foreign Affairs Office of the Tianjin Municipal People's Government; Liu Zengti [0491 1073 4398] from the post of director of the Religious Affairs Department of the Tianjin Municipal People's Government; Zhao Dinghua [6392 1353 5478] from the post of member of the Judiciary Committee of the Tianjin Higher People's Court; and Wang Xiangtian from the post of a member of the Judiciary Committee of the Tianjin Municipal Intermediate People's Court.

LILUN YU SHIJIAN ON PROBLEMS IN RURAL ECONOMY

HK160705 Shenyang LILUN YU SHIJIAN in Chinese No 10, 18 May 85 pp 8-9, 11

[Article by Liu Ding: "Several Problems Which Need To Be Solved in Restructuring Rural Production"]

[Text] In adjusting the structure of rural production, Haicheng City has been confronted with some vexing problems. Viewed from external factors, the following are the main problems:

1. To overcome difficulties in selling grain, we must unclog circulation channels. The annual output of grain in Haicheng City in 1984 reached 1.13745 billion jin, a 149 percent increase over 1978. According to statistics compiled by the end of November, the state purchased only 330 million jin, fulfilling a mere 55 percent of the state purchase plan. This was due to clogged circulation channels, invariable systems of operations, and a shortage of transport facilities. For this reason, it is imperative to overcome difficulties in selling grain. Undeveloped food and fodder industries make grain unable to be processed locally. The limited ability to store grain and poor management of grain storage cause heavy losses and a waste of grain. This affects the fulfillment of the state purchase plan and the income of peasants, and dampens the enthusiasm of peasants in grain production. This is a pressing problem. We must take measures to solve it as quickly as possible. On the one hand, departments in charge of grain purchases must add additional purchasing networks and centers and build more granaries and expand the existing ones. On the other hand, they must improve operations by purchasing grain at times convenient for peasants instead of only once a year. We must encourage peasants to build their own small granaries to store grain for the government, which can conclude purchase contracts with peasants and invest purchase deposits in advance. We must properly raise purchasing prices as compensation for the labor costs of grain planters due to the postponement of state purchases. Peasants should be allowed to put their surplus grain on the market. We must also develop the food, fodder, and beverage processing industries to use grain in a variety of ways locally, so as to solve the problem of grain overproduction.

2. To make up for the shortage of able people, we must accelerate the cultivation of intellectual resources. "Without talented people there will be no prosperity." To develop new production spheres, it is necessary for us to cultivate and train numerous talented people. Lack of trained people is a hindrance to the endeavor of peasants to get rich through labor. Haicheng City is very short of trained people. The distribution of trained people is also irrational, with a large number of them in the city and a small number in the rural areas. Most are in industrial enterprises and educational institutions and the rest are in agricultural production and the service trades. In addition, many are employed in other places and very few are trained by the city itself. According to statistics, the number of engineers accounts for a mere 1.2 percent of the city's population. Those who are graduates of middle schools and secondary vocational schools number a mere 6.3 percent. Such a situation cannot keep up with the development of specialized commodity production and should be changed as soon as possible. We must seek and make use of the existing gifted and skilled people in the countryside to call their professional skills into play. At the same time, we must increase investment in the development of intellectual resources in the rural areas in a planned way. Townships and towns must build their own senior vocational schools and secondary technical schools. All courses should be geared to the readjustment of the structure of agricultural production. We must give priority to courses that are badly needed and train more gifted people of our own. We can adopt different methods to enroll students. For example, students who come from certain townships may go back to their own after graduation, but they are not entitled to job assignments. We can collect funds from society if we are short of money. We can give preferential treatment in enrollment to all townships and towns as well as individual peasants who grant funds to run schools.

Meanwhile, we must send some promising gifted people to other places for advanced studies and further training. In addition, we must advertise for more talented people from society so as to attain a greater proportion of talented people in the city's total population and to meet the needs of developing new industries.

3. We must improve the irrationality and inefficiency of our information network so we are not so ill-informed. Information is wealth and an aid in the drive for peasants to get rich. The present information network in Haicheng City is not scientific and is underdeveloped. Peasants mainly acquire information only by means of primitive methods such as word of mouth. An insufficiency of information makes it difficult for peasants to get rich. If we do not confront the problem as quickly as possible, the development of our new industries will become stalled. We must go all out to develop and build a scientific and modern information network and to create conditions for establishing a computer terminal center so as to link all townships and towns as well as the areas of economic development in the city. We must also step up the development of post and telecommunications services so as to be able to directly transmit the latest information. It is necessary to arouse peasants in townships, towns, and villages to raise funds to cooperatively develop post and telecommunications services and to encourage individual peasants to engage in these services. This will help the development and construction of an information network as well as the expansion of various industries. We must therefore make sustained efforts to promote this.

4. To stop the tendency of building projects blindly, we must solve the problem of being divorced from reality and work out sufficient guiding plans. With the enthusiasm of peasants increasing in production and the relaxation of state policies, different kinds of new industries have developed rapidly in Haicheng City in the past few years. However, for certain reasons, some problems have appeared in our work. For example, some township enterprises, particularly enterprises run by villages and individual peasants, have blindly built a number of projects because they did not have sufficient market information, lost contact with reality, and did not make investigations and scientific feasibility studies. In the year before last, malted milk was much sought after in markets. However, when a factory started producing this beverage, hundreds immediately followed suit. Their total production investment for this beverage reached 600,000 yuan. At first they scrambled for raw materials and markets, but supply quickly exceeded demand and there was no market before long. Consequently, some factories were compelled to switch themselves to the manufacture of other products and some had to suspend operations, thus causing losses of energy, equipment, and funds. Therefore, the departments concerned must make overall plans and take all factors into consideration in accordance with the market situation and give necessary interference and guidance by means of planning, thus doing away with the phenomenon of each unit acting on its own and separating departmental management from regional management. Departments must keep in contact with one another so as to avoid a similar occurrence of building projects blindly.

5. There is an obvious lack of energy. We must make great efforts to solve this problem. Lack of energy is a major problem for Haicheng. The state can now supply Haicheng with only 230 million kilowatt-hours of power a year, accounting for 80 percent of practical needs, and can only supply 230,000 tons of coal, making up 43 percent of social needs, thus holding back the growth of industry and agriculture. If we cannot develop small energy projects and take measures to save energy as soon as possible, industrial and agricultural production might consequently stagnate. Therefore, we must immediately stress solving the energy problem in the development of production. We must exploit and make the best use of underground coalfields in Xintai Township, make a scientific survey of geothermal energy resources in Dongsifangtai Township, further exploit marsh gas and solar energy, and introduce new technology to carry out technological transformation in the existing enterprises in order to reduce energy consumption.

We must create conditions to build central heating system in townships and towns and use surplus heat to generate electricity so that we will be able to use more coal in industry and other trades. All enterprises and institutions should exercise strict control over the consumption of power and coal and take strong and effective measures to save every little bit of power and coal so as to solve the problem of an energy shortage.

Viewed from latent factors, the following problems are the main ones:

1. The peasants are content with their lot. We should teach peasants to do away with the idea of a small-scale peasant economy which seeks just sufficiency in food and clothing. The basic needs of food and clothing do not mean prosperity. The idea of the peasants being content with their lot is very popular in Haicheng. They are now satisfied with their lives because they can have solid food instead of a floury paste, they can wear clothes made of dacron and not of handwoven cloth, they can live in brick houses instead of mud ones, and they can afford bicycles, tape recorders, and television sets. They think that they fall short of the best but are better than the worst. Such living standards they are striving for are actually very low. This is in fact a reflection of the traditional idea of attaining sufficiency in food and clothing alone in the minds of contemporary peasants, an idea which stems from the thousands of years of a feudal small-scale peasant economy and the self-supporting and semi self-supporting economy.

Quality products and key enterprises can play a leading role in economic development and are the pillar of various industries. If we can take firm hold in promoting quality products and developing key enterprises, then the whole economy will be able to engage in large-scale commodity production. If we fail to solve this problem, their future will not be good in the face of sharp market competition. We must, by economic means, readjust enterprises run by the city and disperse them to the countryside in a planned way, give priority to developing key enterprises, and promote quality products. We must pay attention to the problem that some enterprises must scramble for technology and funds while key enterprises produce quality products. We must guide peasants to improve quality and design and increase the variety of products produced by township and town enterprises so as to establish a good reputation on the market.

4. Attention must be paid to the expansion of transport capacity, as our communications and transportation is not well developed. Railways and highways crisscross in Haicheng and have an annual transport capacity of 1.4 billion tons of goods. The situation is fairly good, but not a thriving one. Main roads of the city and townships can only reach towns and a very few villages. Many mountain areas are very hard to get to, thus making people's daily life very inconvenient. Some maintain resources cannot be exploited because of poor transport facilities. In particular, with the upsurge and development of new industries, the present transport capacity cannot meet the needs of economic development. We must adopt effective measures to build more railways and highways. Villages and townships should be encouraged to build railways and highways with raised funds and loans in order to expand the transport network. At the same time, efforts must be made to increase vehicles of every kind. We must especially encourage individual peasants to buy large vehicles and run freight transport stations so as to make up for deficiencies in transport and meet the needs of expanded production.

5. Support rendered by the government for the development of new industries is not strong enough. We must help the departments concerned to shift the focus of their work. The restructuring of rural production is not isolated and the growth of new industries is not spontaneous. They need support from the departments concerned of the government, otherwise their development will be retarded. Production of some new industries might be curtailed and some might be discontinued. There might be such a possibility, and we must foresee them. We "must repair the house before it rains" and take necessary measures to give them support. The city's government must shift the focus of its work on promoting the growth of new industries. It must view the economy as a whole and give more macroscopic guidance. It must avoid administrative interference and must not give arbitrary and impractical directions. The departments concerned must give top priority to plans for construction of projects needed by new industries and give them timely guidance. It is necessary to encourage the urban areas to support the rural areas and efforts must be made to remove barriers between town and country. With the urban areas as "dragon heads" and the rural areas as "dragon tails," we must establish a new, open system that is based on rational coordination between town and country and an alliance of workers and peasants. Enterprises in the city should be dispersed to villages and towns and machines that are replaced from these enterprises and retired technical personnel can be transferred to the rural areas to promote the growth of enterprises in townships and towns. Financial departments should learn to use pricing, taxation, credit, and other economic levers to push ahead with the development of new industries. Taxation departments should pursue a tax policy of both "give in order to take" and "give and take" toward new industries in order to create sources of taxes. All those that need to be exempted from taxation should be exempted and all those that need to have reduced taxation should. Investment should be first made in promising enterprises and priority should be given to them in obtaining loans on favorable terms. We must resolutely battle "red eye disease" and check irrational ways of apportioning expenses for peasants so that the burden of extra expenses on them can be diminished.

Looking ahead, we believe that with the removal of all obstacles, the structure of the rural production of Haicheng City will be more rational and all industries will develop at a good pace.

JILIN'S GAO DI SPEAKS AT PARTY SCHOOL GRADUATION

SK180927 Changchun Jilin Provincial Service in Mandarin 1030 GMT 17 Jul 85

[Text] On 17 July, a total of 197 students graduated from the training class for leading party and government cadres and theoretical cadres that was sponsored by the Party School of the provincial CPC Committee. They are the first group of graduates at the university level from the 2-year course of the Party School of the provincial CPC Committee.

At the graduation ceremony, Gao Di, secretary of the provincial CPC Committee, congratulated the graduates, and placed high expectations on them. He said: Young and middle-aged cadres constitute a generation that will live beyond this century. The present two civilizations should be built by you, and the work in the future should be developed still further by you. Your burden is heavy and your road is long. After you arrive at your work posts, you should set strict demands on yourselves, exert yourselves in study, implement the party's principles and policies in a creative manner, utter less talk and do more solid work, and make contributions to and pioneer the road of advance for vitalizing Jilin and the Chinese nation.

Also attending the ceremony were Wang Xianjin, deputy secretary of the provincial CPC Committee; Liu Jingzhi, chairman of the provincial CPPCC Committee and president of the Party School under the provincial CPC Committee; and leading comrades of the pertinent departments.

OBSCENE MATERIAL BAN DISCUSSED AT JILIN MEETING

SK171450 Changchun Jilin Provincial Service in Mandarin 1030 GMT 16 Jul 85

[Excerpt] Through conscientiously implementing the State Council's regulations on strictly banning obscene articles, leading departments at all levels have made better achievements in checking and eliminating obscene articles. Recently, the provincial CPC Committee held a meeting of inspection groups to report on the work of checking and eliminating obscene articles. Wang Zhongyu, deputy secretary of the provincial CPC Committee, delivered a speech at the meeting.

In recent years, illegal activities of selling, producing, and disseminating obscene articles were serious problems in some towns and townships of the province. In order to implement the guidelines of relevant documents of the State Council and to stop the unhealthy trends of broadcasting obscene videotapes, the provincial CPC Committee established a leading group in charge of checking and eliminating obscene articles and make an overall plan for checking and eliminating obscene articles. As of early July of this year, all localities have seized more than 440 videotapes, and sealed up and confiscated more than 6,000 videotapes that had been shown without examination and approval. A total of 549 videotape projection units across the province have been consolidated. Seventy-two videotape projection units without business licenses were banned. Two hundred licensed videotape projection units with problems were closed for consolidation. All localities also checked a group of illegal criminals who sold, produced, disseminated, and organized broadcast of obscene videotapes.

On 12 July, the provincial CPC Committee held a meeting of inspection groups to report on the work of checking and eliminating obscene articles. Wang Zhongyu, deputy secretary of the provincial CPC Committee, made a speech on the province's previous situation in checking and eliminating obscene articles and deeply conducting the work in the future.

LIAONING APPROVES CPPCC LEADERS' RESIGNATIONS

SK190221 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 18 Jul 85

[Text] On the afternoon of 18 July, the Fourth Session of the Fifth Provincial Liaoning CPPCC Committee held a plenary meeting. The meeting adopted a resolution on the applications for resignation of 10 comrades, including Song Li.

The resolution notes: In accordance with the regulations of the CPC Central Committee on the retirement ages of party-member chairmen, vice chairmen, and standing committee members of the provincial, regional, and municipal CPPCC Committee, the meeting approved the requests for resignation made by Chairman Song Li; Vice Chairman Wang Kuncheng; Standing Committee members (Ma Jia), and (Chen Subo); and retired Standing Committee members (Peng Zhenzhi), (Li Jiesu), (Zheng Taipan), (Yin Guang), (Zhang Zhenqing), and (Wang Fangkuan).

These 10 old comrades who voluntarily resigned from their posts in the provincial CPPCC Committee have resolutely implemented the party's principles and policies, united the personages of all circles, and made great contributions to socialist modernization and the reunification of the motherland while carrying out CPPCC and united front work. The meeting extended high respects to them and wished them a good health and a long life.

(Liu Qingpei), director of the United Front Work Department of the provincial CPC Committee, made an explanation on reelecting the chairman, and holding a by-election for vice chairmen and alternate Standing Committee members at the meeting. The election will be held on 19 July.

QINGHAI'S YIN KESHENG AT CONSULTATIVE MEETING

HK190301 Xining Qinghai Provincial Service in Mandarin 1100 GMT 18 Jul 85

[Excerpt] Yesterday morning, the Qinghai Provincial CPC Committee held a democratic consultative meeting in the hall of the provincial CPPCC, to announce the changes in the provincial party and government leadership groups and seek views on the election of extra and replacement leaders of the provincial government and CPPCC. The meeting was attended by responsible persons of democratic parties, nonparty patriotic figures, well-known people in nationality and religious circles, and representatives of intellectuals in the Xining area.

Comrade Zhao Haifeng presided. He spoke on the readjustments in the provincial party and government leadership groups approved by the CPC Central Committee, and introduced Yin Kesheng, the newly appointed secretary of the provincial CPC Committee.

Liu Feng, deputy secretary of the provincial CPC Committee, made a speech. He said: The readjustment of the responsible comrades of the provincial CPC Committee has now been completed. New leading members of the provincial government are about to be elected. The task facing us is glorious and arduous. We will do everything possible to make a success of our work and avoid disappointing the trust and hopes of the party and people.

Comrade Liu Feng said: The great cause of developing and building Qinghai can only be accomplished by relying on the people of all nationalities, mobilizing the enthusiasm of all sectors, working in concert, and pooling everyone's wisdom. We fervently hope that the democratic parties, popular organizations, nonparty patriotic figures, and figures in nationality and religious circles will work with us and the people of the whole province to promote the cause of modernizing Qinghai.

GOVERNMENT PROMOTING QINGHAI NATIONALITY PRODUCTS

HK181524 Xining Qinghai Provincial Service in Mandarin 1100 GMT 16 Jul 85

[Excerpts] This year the Ministry of Light Industry will invest another 500,000 yuan gratis to help the province develop products for nationality use.

Since 1981 the Ministry of Light Industry has invested some 1.9 million yuan gratis in the province. As a result, the 14 enterprises that manufacture products for nationality use in the province have expanded or modified factory buildings, renewed their equipment, upgraded the quality of their products, and increased the variety of their products.

The Ministry of Light Industry has not only increased its gratis investment in the province year by year, but has also give preferential treatment in supplying raw materials for developing products for minority nationalities. In addition to a certain amount of timber and steel allocated by it to the province from the raw materials assigned by the state annually, it has particularly solved the problem of the raw materials silver and gold, thus actively promoting the development of products for nationality use in the province.

I. 19 Jul 85

C H I N A
PRC MEDIA ON TAIWAN AFFAIRS

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PRC, TAIWAN SCHOLARS TO WRITE PHILOSOPHY HISTORY

OW161855 Beijing XINHUA in English 1754 GMT 16 Jul 85

[Text] Beijing, July 16 (XINHUA) -- Chinese scholars on both sides of the Taiwan Straits will cooperate in writing a history of philosophy in the Ming and Qing Dynasties (1368-1911), according to the editorial board of the project, which held a meeting here Monday.

Chen Guying, a visiting scholar from Taiwan who is now lecturing at Beijing University; Xin Guanjie, a research fellow from the Philosophy Institute of the Chinese Academy of Social Sciences; and Ge Rongjin, deputy chief editor of the magazine, STUDIES IN CHINESE PHILOSOPHY, are the chief editors.

The history, which will be written by a total of 30 scholars, will be published in ten volumes over the next two years.

SHANXI FIRM SEEKS BUSINESS WITH TAIWAN

OW172349 Beijing in Mandarin to Taiwan 1500 GMT 11 Jul 85

[Text] (Kang Lijun), general manager of the (Hengshan) Trading Company, a Shanxi institution in Hong Kong, said at a press conference on 8 July that the company wished to do business with Taiwan and that preferential treatment would be given in prices, especially for coal, sulphur, medicinal herbs, and native and special products.

(Kang Lijun) said: Shanxi has advantages in exports. Besides the 600,000 metric tons of coal approved by the central authorities especially for export, the province's chemical industrial products, medicinal herbs, and native and special products are quite popular on the international market. The Taiwan side has also expressed an interest in these products. It is hoped that they can be exported to Taiwan.

CONCERN OVER U.S. TEXTILE QUOTA CHANGES NOTED

OW170011 Taipei International Service in English 0200 GMT 13 Jul 85

[Text] Economic Minister Lee Ta-hai sent a letter to Director Harry Thayer of the American Institute in Taiwan expressing the grave concern of this country over the proposed changes in the U.S. textile import quota system. He told the press the Republic of China is very concerned about the proposed quota system which could reduce the textile quote for this country by as much as 41 percent. The U.S. House of Representatives is expected to consider the new measure in August or September. He said: The Republic of China will deal with this sensitive issue with great care.

Another official of the Economic Ministry said: The proposed measures being considered by the ROC Government to distribute textile export quotas to the domestic exporters have been shelved for the time being because of the possible changes in the U.S. textile import quota system.

TAIWAN, S. KOREA DISCUSS U.S. TEXTILE QUOTAS

OW170551 Taipei CNA in English 0314 GMT 17 Jul 85

[Text] Taipei, July 16 (CNA) -- Vincent C. Siew, director general of the Board of Foreign Trade, returned to Taipei Tuesday after reaching a tacit understanding with Korean trade officials and textile manufacturers on the proposed U.S. import quotas on textile products. Siew pointed out that the Korean Government recently sent its representatives to the United States to exchange opinions with responsible officials on the increasing protectionism in the States.

The implementation of the new quota system is expected to deal a big blow to the textile industries in Korea, Hong Kong, Singapore and this nation, Siew said. According to a preliminary estimate, the nation's textile exports to the USA will be cut by 45 percent if the new measure is put into force, he added.

FOREIGN INVESTMENT CONTINUES TO INCREASE

OW170555 Taipei CNA in English 0334 GMT 17 Jul 85

[Text] Taipei, July 16 (CNA) -- The Economics Ministry [MOEA] said Tuesday that foreign and Overseas Chinese investments in the Republic of China in the first six months this year amounted to U.S. dollar 265 million, up 5.1 percent over the like period of 1984. Of that figure, U.S. dollar 22.3 million was made by Overseas Chinese and the remaining U.S. dollar 243 million belonged to foreign investors.

The increase of the investments showed that foreign investors are confident in the ROC's economy, an MOEA official said.

Statistics show that investments in manufacturing machineries occupied 25.85 percent; the electronics and electrical industries, 18.59 percent; chemical products, 15.84 percent; the service industry, 14.78 percent; and the rest, 14.94 percent.

Investments from Japan took the lead totaling U.S. dollar 99 million; followed by the United States, U.S. dollar 86 million; and Hong Kong, U.S. dollar 10.8 million.

POSSIBLE CAUSE OF NUCLEAR POWER PLANT FIRE FOUND

OW170553 Taipei CNA in English 0328 GMT 17 Jul 85

[Text] Taipei, July 16 (CNA) -- Chen Cheng-hua, vice president of the Taiwan Power Company [Taipower], said Tuesday that the fire at the third nuclear power plant in southern Taiwan was probably caused by the broken compressor blades in the steam turbine. Chen pointed out that engineers from General Electric and Taipower have accelerated their pace in dismantling the damaged steam turbine. If everything goes well, the dismantling work will be completed by Saturday, he said. According to a preliminary investigation, the wire coil of the first generator was not damaged in the accident, and this indicates that the low pressure steam turbine was probably the place where the trouble developed, Chen noted.

Another Taipower vice president, Chu I-hsien, said the broken compressor blades will be sent back to the U.S. for further analysis. Asked if other damaged parts will also be sent back to the U.S. to help determine the cause, Chu said that will have to be decided by GE specialists on materials who will arrive here in the coming few days. Chu also said that it will be meaningless to stop the running of the second generator before the cause of fire is ascertained. The GE headquarters have also advised Taipower not to take any actions at present, and wait until the results of the investigation come out. Meanwhile, the Atomic Energy Council made public the data collected by its detectors around the third nuclear power plant which clearly indicate that there was no sign of radiation leakage before or after the fire.

Plant To Resume Operations

OW180447 Taipei CNA in English 0322 GMT 18 Jul 85

[Text] Taipei, July 17 (CNA) -- The damage caused by a recent fire in the third nuclear power plant in southern Taiwan is not as serious as anticipated, and the damaged equipment in the plant will be able to resume normal operations after some broken parts are repaired or replaced, the Taiwan Power Company said Wednesday. Taipower Vice President Chu Shan-tseng pointed out that according to a preliminary investigation, the condition of the plant's generator area is much better than expected. Most parts of the generator, except for the shaft which warped due to the high heat of the fire, were not damaged and can still run normally, Chu said. Chu also said that Taipower has asked the Industrial Technology Research Institute to make a detailed analysis of the broken compressor blades to find out if these blades were hard enough to sustain high-speed running. The analysis will take one to two weeks to complete, and by then, Taipower will know which party should be responsible for the accident, Chu said, adding that Taipower will never evade its responsibility if its personnel were to blame for the accident.

Asked what actions Taipower will take if General Electric refuses to pay for the losses incurred, Chu replied that he believes GE, as one of the world's best-known companies, will take the full responsibility if the investigation proves that flaws in its equipment were the cause of the accident. Meanwhile, a spokesman for the China Insurance Company said that Taipower has already submitted to the Nuclear Energy Insurance Commission for screening necessary documents to obtain insurance for the third nuclear power plant. The total insured amount for which application has been made on the plant is NT dollar 40 billion (U.S. dollar 1 billion), he said.

KUANG CHIAO CHING REVIEWS LIN RUO'S CAREER

HK181015 Hong Kong KUANG CHIAO CHING in Chinese No 154, 16 Jul 85 p 29

[Article by Lu Ping-yao: "Will Lin Ruo Succeed Ren Zhongyi?"]

[Text] Among the six secretaries of the Guangdong Provincial CPC Committee, Lin Ruo is a permanent secretary ranking behind only Ren Zhongyi, first secretary of the provincial CPC Committee. Reportedly, Lin Ruo will be further promoted, and his promotion to be number one man in the Guangdong Provincial CPC Committee has been approved by the CPC central leadership. It is also said that Ren Zhongyi, who handles things steadily and surely, is now receiving medical treatment in Beijing. Provincial Governor Liang Lingguang is over 70. So neither is any longer suited to the principal leading post in Guangdong Province. The selection of Lin Ruo to be Guangdong's principal leader is a new demonstration of the CPC central leadership's policy of promoting college graduates and local cadres to key leading positions.

Lin Ruo was born in Chaoan County, Guangdong Province in October 1924. He is 60 years old this year. He joined the CPC in 1945 and began to work in 1947. Lin Ruo is an intellectual. He graduated from the Chinese Language department of Zhongshan University.

Zhao Ziyang Praised Lin Ruo

Like Zhao Ziyang, Lin Ruo is good at handling agricultural work. In the early 1950's, Lin worked in a research office of the Foshan Prefectural CPC Committee. In 1953, he was appointed a member of the Standing Committee of the Dongguan County CPC Committee and also head of the county party committee's Propaganda Department. Between 1956 and 1964, he was secretary of the Dongguan County CPC Committee. During that period, Dongguan's achievements in construction were rather prominent in Guangdong Province. Reportedly, Lin Ruo was then praised by Zhao Ziyang as a "model county secretary."

Lin Ruo Was Formerly a Deputy Editor-In-Chief of NANFANG RIBAO

Around 1970 during the "Cultural Revolution," Lin Ruo was relieved from office and was sent to a cadre school. Between 1972 and the first half of 1974, Lin Ruo was a deputy editor-in-chief of NANFANG RIBAO. This gave him an opportunity to make friends in the propaganda circles. Between 1974 and 1976, he was transferred to the Guangdong Provincial CPC Committee to be a cadre in charge of agricultural work. During the 12th CPC National Congress, Lin Ruo was promoted to be a member of the CPC Central Committee. This time, his new position in the new Guangdong Provincial CPC Committee will mark a new development in Lin Ruo's political career. His wife Peng Peilang also works in the provincial party committee and is one of the responsible people of the Guangdong Provincial Commission for Discipline Inspection.

PROTESTANTS TO INVESTIGATE OPENING UNIVERSITY

HK180443 Hong Kong SOUTH CHINA MORNING POST in English 18 Jul 85 p 1

[By Walter Cheung]

[Text] Chinese officials have invited a Protestant missionary society to study the feasibility of building and running a quality university in Guangdong Province. This is thought to be the first such request to an overseas religious organization since the Communist Government came to power in 1949.

But finance might be a problem as the estimated cost for the entire project is HK\$2 billion; including an HK\$800 million first phase.

The organization in question is the Mission Covenant Church of Norway, which has been asked by provincial officials to raise the majority of the capital required. If successful, the mission will make a return to China after an absence of more than three decades. Formed in the last century, it sent its first missionaries to China in 1900 and the first ministries were in Shaanxi Province. However, its missionaries together with those from other missions had to leave the country after the communist takeover. To help raise finance, the mission has been in contact with the Norwegian Government and also commercial corporations. The mission director of the mission's Hong Kong field, the Rev Egil Torp, said more information is needed to properly present the case for the university.

The Norwegian Consul-General in Hong Kong, Mr Leif Erling Halyorsen, said his government had been informed about the project but so far no commitment had been made. Mr Torp said the mission is scheduled to make a final decision on whether it will proceed with the project by the end of the year. He also said it was last summer that Chinese officials made the request, which the mission's headquarters had accepted in principle.

A top-level delegation from the mission met education officials from the Guangdong municipal government in December. Mr Torp said the Chinese Central Government had been informed about the proposal by the provincial government. "So far there has been no objection (from Beijing)," Mr Torp said. If the project gets the go-ahead, the university, initially with a student population of 12,000, would probably take 10 to 15 years to reach the final development phase. Mr Torp said the mission might propose a smaller project due to the massive investment involved. Two possible locations have been identified -- Zhuhai and Zhanjiang. Subjects that have been suggested include oil exploration, computer studies, food processing, foreign languages and business management.

Mr Torp said the mission had made it clear that it preferred to recruit Christian teachers. Chinese officials have not objected to this but they have said they will not allow the university to run organized religious activities. And no chapel would be allowed on the campus. "We are not sure what will be possible tomorrow," Mr Torp added. The mission, however, has said that it would require its teachers to be free to express their religious faith privately among students.

Mr Torp said although the mission has no experience in running a university, it has church members who are university teachers in Norway or are visiting professors to other countries. "We have personnel of the right calibre for the project," Mr Torp said. Both the mission and Chinese officials believe the proposed university should adopt high academic standards. Regarding the appointment of the president, Mr Torp said both sides had not made any agreement. However, the chairman of the board of directors would be from China. The board, comprising representatives from the mission, would be the university's highest-decision making body. Mr Torp said it was very much the desire of the mission that the university have administrative freedom.

After 35 years, when the university would have developed a sound foundation, the running would be handed over to China. An independent foundation will be set up by the mission to raise funds and be responsible for the management of the university if the project is approved.

On the background leading to the request, Mr Torp said a former minister of the mission's Hong Kong field, who resigned in 1980 to take up China trade, made the proposal to Guangdong officials on his own initiative.

He said the project would promote understanding between China and Norway and, in longer term, promote international understanding. Outside of Norway, the main areas of the mission's activities are the Congo, Colombia and Hong Kong. The Hong Kong field runs a secondary school, three kindergartens and five churches.

AUSTRALIAN COMPANY TO SHIFT MANUFACTURING TO PRC

HK180455 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English
18 Jul 85 p 3

[By Eric Ellis]

[Text] Hong Kong business interests have taken a controlling 14.9 percent shareholding in a re-emerging public Australian electrical and consumer products manufacturer for a relatively inexpensive outlay of A\$1.7 million (about HK\$9.1 million) Hyono Holdings, a corporation recently registered in New South Wales but with its power base in Hong Kong, has purchased 14.9 per cent of Kemtron Ltd from Sunshine Australia Ltd. Kemtron is the Australian investment vehicle of Malaysian-Australian Mr Lee Ming Tee which is bidding for a reverse takeover of Well Fung Property. With the arrival of Hyono will come a major relocation of Kemtron's manufacturing base from Australia and Singapore to Guangdong Province. Hyono's three directors are Hong Kong-based Australian merchant banker Mr Daryl Parker; former Singapore stockbroker Mr C.K. Yap, also Hong Kong-based, and prominent Singapore businessman Mr Lim Hun Beng of the liquidated Allied Food Group. The once-powerful Kemtron Ltd is capitalised on the Melbourne Stock Exchange around A\$11 million (HK\$60 million), has assets of A\$30 million and its main business is the manufacturing of Mistral domestic fans, which enjoy a large slice of the Australian market. Kemtron is also involved in construction and has minor property interests.

The Mistral operations are currently based in Singapore, but negotiations are well advanced with Guangdong Province officials to have the manufacturing base relocated to Guangzhou. Kemtron went perilously close to liquidation in the period 1982-85 after some ill-judged property diversification on Australia's Sunshine Coast. Its share quote was halved and halved again as investors bailed out in droves from the ailing group, which at one stage had as much debt as it had sales. The Kemtron management used its establishment clout to win sympathy from an Australian lending consortium to help it over its difficulties. A moratorium was declared on the increasing debt burden while the group underwent extensive surgery to erase the red ink.

Mr Lee Ming Tee was invited to take a 20 percent stake in Kemtron via a massive capital reconstruction and rights issue which Sunshine designed and subunderwrote in March. Sunshine will retain a five per cent interest in Kemtron after this deal. Hyono will acquire 12,532,487 one-cent paid shares at 20 cents each and 3,639,890 20-cent ordinary stock at 40 cents each. Mr Parker is a merchant banker of 10 years experience, seven of them in Wardley Hong Kong's corporate finance division, after a period in London with Hill Samuel. Most recently he was the executive director of Hong Kong merchant bank, Asian Oceanic Ltd, in the same office as Mr Yap. In an announcement to the Melbourne Stock Exchange, Kemtron's chairman and former managing director, Sir Andrew Grimwade, said he welcomed Hyono's contribution to Kemtron.

Sir Andrew and senior Kemtron officials are holding discussions with PRC officials regarding the move to China. Despite its registration in NSW, Hyono is essentially a Hong Kong controlled company and as such is regarded as a foreign corporation by the Australian Government Foreign Investment Review Board. This means Hyono's investment is restricted to only 14.9 percent. Nevertheless, it is enough to win cheap control of an Australian listing — and it is Hyono's Chinese connection on which hangs the future of Kemtron.

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July 22, 1985

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